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The U.S. secretary of defense, Caspar W. Weinberger, left, and the West German defense minister, Manfred Wörner, inspected a surface-to-air missile in Giessen on Monday.

U.S. Missile Plan Aims to Penetrate Any Defenses Moscow Can Devise

By Bill Keller
New York Times Service
WASHINGTON — While the Defense Department has begun research aimed at making Soviet nuclear missiles impotent, a small Air Force program is trying to assure that U.S. nuclear missiles never meet the same fate.

The project, called the Advanced Strategic Missile Systems program, would get a sharp increase in funds in President Ronald Reagan's budget. The money would be used to design and test advanced decoys, zig-zagging warheads, and other devices designed to sneak past any defense the Soviet Union can develop.

To some scientists and defense analysts outside the government, the work of this office weakens the case for Mr. Reagan's proposed space-based missile defense program, called the Strategic Defense Initiative.

The administration says it hopes that with the development of reliable anti-missile defenses, both sides would agree to reduce their arsenals of offensive missiles.

But critics of the space-defense proposal point to measures already devised by the missile systems program as evidence that, as defensive systems are developed, offensive systems will be developed to circumvent them.

According to the proposed military budget, the missile systems program, whose headquarters are

Weinberger Tries To Allay Bonn's Fears on Troops

United Press International

GIESSEN, West Germany

Defense Secretary Caspar W. Weinberger countered European fears Monday that an expensive space-based defense system would force the United States to cut its conventional forces abroad.

Mr. Weinberger said after conferring with the West German defense minister, Manfred Wörner, that the anti-missile defense system could be financed without saving money by cutting U.S. troop strength.

The defense secretary, who is on a European trip to rally support for the defense initiative, said there would be no reduction in the 248,000 U.S. troops in West Germany.

at Norton Air Force Base, in California, is to rise to \$174 million in the fiscal year starting Oct. 1 and to \$216 million in the following fiscal year from \$98 million this year.

That is a small amount compared with the \$3.7 billion allocated next year for research on the space-based defenses. In part that

is because most of the money for the missile systems project is spent trying to defeat techniques the Russians are known to have developed that they might put in place in the next five to 10 years. The space-based defense, on the other hand, is a sweeping project to develop possible defenses well into the next century.

The missile systems program designs and tests devices for the air force, army, and navy, and then passes them along to the individual services for the costlier business of engineering and adapting them for particular missions.

Almost everything that the missile systems program and its civilian contractors do is highly classified, but some details were provided by air force officials and outsiders familiar with the program.

Most of the increase proposed for the 1986 fiscal year, air force officials said, would pay for research into advanced "penetration aids" to help U.S. missiles reach their targets.

These include clouds of wire bits, called chaff, and light-reflecting aerosols that confuse enemy sensors; decoys that present enemy defenses with a baffling multiplicity of targets; and "defense suppression systems" that home in on enemy radars and destroy them to clear the way for nuclear missiles.

One of the most advanced developments made last month by the European Space Agency to expand its manned space program and agreements reached earlier this month by several member countries of the North Atlantic Treaty Organization for joint construction of a new transport helicopter.

The deadlock over the new fighter results from disagreements that emerged during feasibility studies

French-U.K. Dispute Imperils New Fighter

By Axel Krause
International Herald Tribune

PARIS — A deadlock between French and British aerospace companies threatens to block plans for building a new European combat plane in the 1990s, West Europe's most ambitious fighter-building program in 15 years.

The dispute includes the sharing of responsibility for design leadership, financing and production.

In an effort to resolve the disagreements, which have emerged during the last several months of feasibility studies, senior defense officials from the participating governments, France, Britain, West Germany, Italy and Spain, plan to meet in Paris on March 12.

The European Fighter Aircraft project would be the largest European aerospace venture since the Tornado fighter-bomber program was established by Britain, West Germany and Italy in 1969. The new project involves building a minimum of 1,000 planes that could generate about \$30 billion in orders for the European industry. The first deliveries are planned for 1993.

The total cost of developing the new plane is estimated by aerospace industry sources at \$2 billion to \$3 billion.

The disagreements over the plane, primarily between Avions Marcel Dassault-Breguet Aviation and British Aerospace PLC, both state-controlled companies, have reduced the chances of the project's success, industry and government sources have said in recent interviews. The sources declined to be identified.

The reason for the reluctance of sources to be identified "is that it will probably take a meeting of the ministers themselves to break the deadlock, which is embarrassing, and until they start talking openly, no one wants to be out front, at least not for attribution," a senior West German diplomat said.

A failure by ministry officials to agree on the plan would represent a major setback to Europe's growing efforts to establish aerospace programs in competition with the United States.

Recent examples of successful ventures include the decision-making last month by the European Space Agency to expand its manned space program and agreements reached earlier this month by several member countries of the North Atlantic Treaty Organization for joint construction of a new transport helicopter.

The deadlock over the new fighter results from disagreements that emerged during feasibility studies

that were started at a meeting of defense ministers from the five governments in Madrid in July.

"We are still stuck on fundamental issues. Hard bargaining lies ahead during the next several weeks," said a senior French defense planning official.

"This project is a major and new test of Europe's capacity to cooperate, which our governments are supporting, despite the continuing conflicts over industry questions," the West German diplomat said. "Right now it looks very difficult."

The defense ministers' Madrid meeting did resolve several disputes, such as the need to equip the fighter with a new engine, and it set the weight of the plane at about 9.5 metric tons (about 10.5 short tons). At an earlier meeting, the air forces of the five governments agreed that the fighter should be a single-seat, twin-engine, short takeoff and landing plane designed for aerial combat as well as hitting targets on the ground.

The Netherlands said last fall that it was planning to join the project with the intention of replacing its General Dynamics F-16s with about 230 of the new fighters in the late 1990s. But Dutch officials said last week that they were awaiting the outcome of next month's meeting before making a commitment.

According to current plans, some 800 of the new European fighters would replace McDonnell Douglas F-4 Phantomies in West Germany and Spain, British-French Jaguars in those two countries, Dassault-Breguet Super Etendards and Mirage fighters in France and Lockheed 104s in Italy. They also would be designed to compete in export markets against fighters being developed by the United States, which could generate about 200 additional orders for the new jets.

The new fighters would be "the latest example of Europe going it alone. It is a definite challenge to U.S. leadership in a critical area of high technology," said a senior executive of a leading U.S. aerospace company. It is involved in developing an advanced tactical fighter for the U.S. Air Force, also for the late 1990s. "The chances of collaborating with our European NATO allies again, as we did on the F-16, are about nil, at least for right now," he added.

Failure to resolve the deadlock soon could lead to a breakup of the five-nation group trying to develop the new fighter. U.S. and European industry executives said that could brighten prospects of a collaboration.

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President Reagan and King Fahd at White House ceremony.

Reagan Calls On Fahd To Bring Arabs to Talks

The Associated Press

WASHINGTON — President Ronald Reagan challenged King Fahd of Saudi Arabia on Monday to use his "considerable influence" in the Muslim world to get direct negotiations started between Israel and its Arab neighbors.

But King Fahd, replying in Arabic in ceremonies at the start of a five-day visit, said it was up to the United States to lead its efforts in support of the Palestinians, whom he called "victims of unjust aggression."

Greeting the king on the South Lawn of the White House, Mr. Reagan said, "The security of Israel and other nations of the region and the legitimate rights of the Palestinian people can and should be addressed in direct negotiations."

He told the king that "it is time to put this tragedy to rest and turn the page to a new and happier chapter."

King Fahd gave no indication that Saudi Arabia would heed Mr. Reagan's call for talks with Israel.

The two leaders then went directly to the Oval Office to begin their discussions.

"The main thing we seek [is] to establish and make plain our great friendship for each other," Mr. Reagan said at the news conference. "I am very optimistic."

(Continued on Page 2, Col. 5)

Dollar Hits New Records

Pound at \$1.09; 2,000 Barrier Broken in Milan

The Associated Press

LONDON — The U.S. dollar continued breaking records Monday, reaching new highs against the British, French and Italian currencies.

The pound fell below \$1.10 for the first time on London markets, dipping more than a cent to \$1.096 in late trading.

Foreign exchange dealers attributed the dollar's continued rise to political stability and robust economic activity in the United States, and to a lack of alternatives to the U.S. currency.

"Undoubtedly, the dollar remains the favorite investment currency," said a dealer in Frankfurt.

The pound, regarded as a petrocurrency because of Britain's North Sea reserves, stabilized somewhat last week as the oil market solidified, but it sank Friday to a record low of \$1.1105 and kept dropping Monday.

In late trading in Milan, the dollar broke 2,000 lire Monday for the first time, reaching 2,003.80 at the closing, compared with 1,995 Friday. In Paris, the dollar was fixed at 9.9465 French francs, and in early New York trading the dollar breached the 10-franc barrier.

The U.S. currency was at its highest in at least 13 years against the Deutsche mark, reaching 3.2573 DM at the closing, compared with 3.2426 DM Friday. It hit a seven-year high against the Swiss franc, at 2.7883 in late trading Monday, against 2.766 late Friday.

Tokyo financial markets were closed for a national holiday. The dollar was quoted in Europe at 260.70 yen, compared with 260.50 yen late Friday in Tokyo.

Little Intervention Detected

No major central bank activity in foreign exchange markets was detected Monday, Reuters reported from London, quoting European traders.

Traders were awaiting reports from the monthly meeting of central bankers Monday at the Bank for International Settlements in Switzerland, where the dollar's strength was expected to be high on the agenda. The bankers apparently took no action, however.

The Bank of England sold "moderate" amounts of dollars to support the pound, a dealer said, but other traders saw the bank's action as mainly a smoothing operation in a volatile market.

"The feeling is that the Fed has badly let down the other central banks," said a dealer at a major U.S. bank in London. He was referring to a vague statement last month by the finance ministers of the United States, Japan, Britain, West Germany and France supporting concerted intervention where necessary on foreign exchanges.

The dealer said a debate was going on within the Federal Reserve Board in the United States over whether to allow the dollar to remain high to finance the huge U.S. budget deficit, or to intervene to help European partners.

Lack of commitment by central banks has encouraged speculation on a higher dollar, dealers said.

"There's absolutely no chance of a cut in U.K. base rates until at least next month," a dealer said. The base lending rates were increased 4½ points, to 14 percent, last month in an effort to support the British currency.

Some dealers said the British government's intention to go ahead with tax cuts in its budget next month was seen as bad news by some foreign investors, who would prefer tighter British monetary policy.

Curricula in 'Disarray,' U.S. College Group Says

By Edward B. Fiske
New York Times Service

NEW YORK — Colleges and universities have allowed their curricula to slip into a state of "disarray" and "incoherence," putting in question the quality of what U.S. college students learn, a major higher education organization has alleged.

In a 47-page report called "Integrity in the College Curriculum," the Association of American Colleges said Sunday that while the institutions seemed confident that a college education should take four years, they were less sure about "its content and purpose."

The association's report reflects mounting national concern about the quality of undergraduate education. It faulted faculty members more interested in scholarly research than in teaching and college administrators who have adopted what it called a "misguided marketplace philosophy" to compete for able students.

"It is a supermarket where students are shoppers and professors are merchants of learning," the association said. "Fads and fashions, the demands of popularity and success, enter where wisdom and experience should prevail."

The document, prepared by a panel of 18 educators, called on colleges and universities to change doctoral courses to offer training in teaching as well as in academic content.

It also described a nine-point "minimum required curriculum" that it said would prepare both liberal arts and professional students to "live responsibly and joyfully, fulfilling their promise as individual humans and their obligations as democratic citizens."

The nine "experiences" that the report said "should inform all study" were literacy, which comprises writing, reading, speaking and listening; understanding numerical data; historical consciousness; science; values; art; international studies; and multicultural experiences; study in depth of a discipline or group of disciplines; and inquiry, including abstract logical thinking and critical analysis.

The Association of American Colleges, which opened its four-

day annual meeting in Washington on Sunday, represents 560 public and private research universities, liberal arts colleges and other institutions with an interest in curriculum issues.

The report was based on a three-year analysis of college curriculums around the country. It is the latest in a series of national reports raising questions about undergraduate education in the country's 3,000 colleges and universities.

In October, T.H. Bell, then secretary of education, had made public a study sponsored by the National Institute of Education, the research arm of the Department of Education, citing "warning signals" about the quality of higher education.

A month later the National Endowment for the Humanities released a report saying that American colleges were failing to give students "an adequate education in the culture and civilization of which they are members." The author, William J. Bennett, the chairman of the endowment, last week succeeded Mr. Bell as secretary of education.

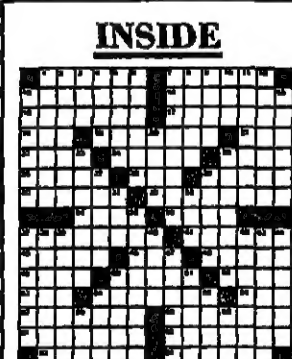
The wave of reports on undergraduate education comes at a time of national concern over the quality of elementary and secondary schools. In two to three years, most state legislatures have enacted bills ranging from stiffer requirements for high school graduation to merit pay plans for teachers.

"Integrity in the College Curriculum" said that improvement of education at the elementary and high school level was linked to higher standards at the college level. The report said, "In the end, the quality of American life is at stake, the wisdom and humanity of our leaders, our ability as citizens to make informed choices, and the dedication with which we exhibit humane and democratic values as we go about our daily lives."

Three years ago, the report said, leaders of the association became concerned about "mounting evidence that undergraduate programs in American colleges and universities were afflicted by serious weaknesses."

The evidence included declining enrollments in foreign languages

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INSIDE

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■ Privately run prisons are becoming more common in the United States. Page 4.

ARTS/LEISURE

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SPORTS

■ The Western Conference won over the East in the National Basketball Association's all-star game. Page 15.

6 Israelis Meet Secretly With Arafat

By Dan Fisher
Los Angeles Times Service

JERUSALEM — Six Israeli Arabs and Jews, including two members of parliament, have said they held seven hours of secret meetings last week with Yasser Arafat, the leader of the Palestine Liberation Organization.

Members of the group, representing the Progressive List for Peace political party, said on their return Sunday to Israel that Mr. Arafat had agreed to take up with the PLO executive committee their proposal for a "mutual cessation of violence" in return for U.S. and Israeli agreement to a United Nations-sponsored international conference on the Middle East.

The Reagan administration and the Israeli government have repeatedly said that they would not take part in such a conference. In Washington, the State Department had no comment Sunday on the delegation's report.

The group, including Matityahu Peled and Mohammed Mianji who are members of the Knesset, or parliament, said that Mr. Arafat promised to make available to

them within the next few days information on four Israeli soldiers missing in action in Lebanon.

"We hope that within one week we shall submit this information to the government of Israel," said Uri



Uri Avneri

Avneri, one of the six. Mr. Avneri, a magazine publisher, is co-chairman of the Progressive List for Peace.

The delegation's meetings with Mr. Arafat are expected to create a political stir in Israel, which does not recognize him or his organization as a legitimate negotiating partner.

"Nobody is going to like it," said a source close to Prime Minister Shimon Peres.

[A Justice Ministry spokesman said that Israel's attorney general has ordered an investigation to determine whether the group could be prosecuted for meeting with Mr. Arafat. Reuters reported from Tel Aviv. Israeli law forbids contact with foreign agents and provides for a maximum penalty of 15 years imprisonment.]

The spokesman said the six could be prosecuted "unless there is a reasonable explanation for the conduct or proof that there was no intent to harm security."

While the six-member Progressive List for Peace delegation is believed to be the largest from Israel to meet with Mr. Arafat, it is not the only one.

(Continued on Page 2, Col. 7)

40 Years Later, Many Poles Remain Bitter About Yalta Pact

By Bradley Graham
Washington Post Service

WARSAW — As Europe prepares for the 40th anniversary of Hitler's defeat, Warsaw's national theater is featuring a play called "Yalta," about the 1945 conference widely thought of as having consigned Poland and the rest of Eastern Europe to Soviet hegemony.

The play's dialogue is authentic, drawn from Russian, British and U.S. accounts of the week-long Crimean summit conference, which ended Feb. 11, 1945. Against a backdrop of conference photos flashed on the stage, the reenacted conversations provide poignant images of the Big Three deliberating over the fate of Europe.

Amid champagne toasts and clever repartee, some of the major political principles binding postwar Europe were set at the Soviet Black Sea resort, including an agreement on German reparations, plans for control of a soon-to-be-defeated Germany, a role for France in occupied Germany, a voting formula for a new United Nations organization and a pledge from the conferees to help the liberated European states

"to create democratic institutions of their own choice."

But the issue that most absorbed the participants, and that reverberates loudest to this day, was what to do about Poland.

There is a giant Franklin D. Roosevelt, two months before his death, ruminating in a tired voice about how the Polish issue has been "giving the world headaches for the past five centuries."

There is a round and hearty Winston Churchill, whiskey glass in hand, citing Britain's decision to go to war against Hitler after the attack on Poland and insisting that as a point of honor, Poland be made "free and independent." But he acknowledges the Soviet interest in having a Warsaw government that would not conspire against Moscow.

And there is a shrewd Stalin, who extols the virtues of cooperation among the superpowers and chides "certain small countries" liberated by the Russians for complaining that their interests were not being taken into account.

In one presidential exchange, Roosevelt, discussing the prospect of elections in Poland, tells Stalin with a smile that the vote

must be "above suspicion, just as things were with Caesar's wife." Replied the Soviet chief, also with a smile: "That's the only way Caesar's wife was spoken about, but in reality even she wasn't without sins."

Most Poles still feel embittered about what came out of Yalta. Even four decades later, Westerners often are scolded by Polish friends for what is remembered here as a sellout by the United States and Britain to the Soviet Union. This resentment runs as a kind of counterweight to the dominant pro-Western sentiments among the people of this Communist-managed state.

The Polish authorities, in contrast to the popular mood, applaud the Yalta accords as an example of superpower cooperation serving peace in Europe.

Polish publicists have also been stressing Yalta's particular value as a bulwark against German expansionism, in line with a propaganda campaign being waged by the Soviet bloc against West Germany to coincide with the 40th anniversary on May 7 of the Third Reich's surrender.

Actually, the West never agreed at Yalta to Soviet control of Poland or any other part of Eastern Europe. There is no men-

tion in the accords or accompanying notes of the establishment of Communist and non-Communist spheres of influence.

To the contrary, Roosevelt and Churchill secured from Stalin a promise to hold in Poland "free and unfettered elections as soon as possible on the basis of universal suffrage and secret ballot."

In turn, the Western powers agreed to recognize a provisional government in Poland based on the puppet regime installed by the Soviet Union in 1944, which was to be broadened by the addition of Polish "democratic leaders" from inside Poland and abroad.

But as events proved, Stalin should never have been taken at his word. Soviet security forces soon began arresting and deporting members of Poland's non-Communist, anti-Nazi resistance. Soviet-organized elections held in January 1947 were rigged, in the view of Western observers, giving the Communist-led Democratic Bloc a reported 80 percent.

The Western powers had left organization of the elections up to the Soviet Union, although they may have had little choice in

the matter, since the Red Army occupied the entire country.

Also upsetting for Poles, then and now, was the manner in which their country's new borders were drawn. The eastern frontier with the Soviet Union was fixed along the so-called Curzon Line, with Roosevelt making only a half-hearted plea for an unwilling Stalin to return the treasured cultural center of Lemberg to Poland.

It was agreed that the Poles would be compensated with German lands for the territories lost to the Russians. But unable to settle on new western and northern borders for Poland, the Big Three postponed the issue until the Potsdam Conference five months later.

"It all happened over our heads," said Jerzy Krasowski, director of the national theater, stating a commonly held view. "We had absolutely nothing to say."

Krysina Karsten, a historical researcher at a Polish Academy of Sciences institute, said: "Most Poles would like to believe that Roosevelt and Churchill could have acted differently at Yalta."

"They feel those two sold out," she said, (Continued on Page 2, Col. 2)

Papal Trip: No Miracles to Resolve Theological Differences

By E.J. Dionne Jr.

ROME — Among the burdens that Pope John Paul II bore during the visit to South America that ended last week were those laid upon him by Luis Ortiz, a salesman, and Maria Hernandez Soliz, a housewife. Others expected thoughtful or inspiring

News Analysis

words from John Paul during a stop in El Guasmo, a shantytown slum on the edge of the Ecuadorian city of Guayaquil. But Mr. Ortiz and Mrs. Hernandez expected nothing short of a miracle.

"Things change in every country he visits," Mr. Ortiz said with conviction, adding that no one could ignore the pope's appeals on behalf of the poor. Mrs. Hernandez was sure of change "because I have faith in him."

Such was the responsibility that John Paul carried as he addressed millions of

people in Venezuela, Ecuador, Peru, and Trinidad and Tobago.

As the head of a church that is governed from Europe, the pontiff oversees an organization that is strongest in the Third World and, by the year 2000, will have a majority of its membership in Latin America.

Moreover, it is in Latin America where, from the Vatican's point of view, some of the most troublesome movements within Catholicism have taken root. Most notable among these is the theology of liberation, which sees a special responsibility for the church to lift up the poor, and often advocates radical politics as the way to do it.

Yet at the end of the pope's 12-day trip, many questions remained unanswered. The complexities are such that, in the end, though everyone will listen to the pope, as Mr. Ortiz said, different audiences may choose to hear different things.

The situation owes in part to the theology of liberation itself, which, as the pope

said, contains many currents. It is not simply an intellectual movement. It is a social and political force that is seeking to change both Latin American society and the church itself.

The pope spoke most clearly on the structure of the church. He reaffirmed that Roman Catholicism is a hierarchical organization and that bishops, as he told a group of prelates in Venezuela, had an obligation to correct those who "proclaim not the truth of Christ but their own theories."

For anyone accustomed to the Roman Catholic Church before the Second Vatican Council, such a comment would seem unexceptionable. But the change in spirit fostered by the council — the growth in the idea of the church as "the people of God" — created a strong movement toward greater internal freedom from the traditional hierarchical structures.

In liberation theology, this is expressed as the view of the church "from the bottom up." It is widely believed in the Vatican

that one of the most disturbing aspects of the teachings of the Reverend Leonardo Boff, the Brazilian liberation theologian called to Rome last year to explain his views, is his critique of the church's hierarchy.

For both Father Boff and liberationists seen as more orthodox, such as the Reverend Gustavo Gutiérrez of Peru, learning from "the people" is one of the church's essential tasks. And it is becoming increasingly clear that one of John Paul's goals in calling a bishops' synod this November to examine the results of the Vatican Council is to question just such a populist view of the church.

On the subject of social action itself, however, the pope's words are subject to a much wider range of interpretations.

There can be no doubt that he favors far greater economic equality and much more attention to the poor and sees the wealthier countries of the North as at least partly responsible for the plight of "the poor

Yet John Paul was just as clear in opposing the materialism of Marxist theory and in resolutely opposing violence and "class struggle" to achieve social change. All this can be read as an implicit criticism of the Sandinistas in Nicaragua and the presence of priests in their government.

A difficulty is that the well-off insist that they, too, favor the poor, capitalism, they say, is an engine for growth. And leftist Christians deny they are Marxists, especially if by "Marxist" means accepting atheism.

What remains open to question after the pope's visit is just what sort of social action is permissible in the pope's eyes and what is not.

He has clearly ruled out communism and pure free-market capitalism. He thinks the church should side with the poor, but does not want it to turn against the rich. This is what he meant when he said the church's "preferential option for the poor" should not be "exclusive or excluding."

WORLD BRIEFS

India and Sri Lanka Discuss Tamils

NEW DELHI (AP) — Prime Minister Rajiv Gandhi met over the weekend with Sri Lanka's minister for national security to discuss Sri Lanka's continuing difficulties with Tamil guerrilla separatists.

Several newspapers called the visit by Sri Lanka's national security minister, Lalith W. Athulathudeni, "fruitful" and "unproductive." But the minister, before returning Sunday to Sri Lanka, said the talks had been constructive. The minister arrived in New Delhi on Saturday after being encouraged by the United States to seek India's help in solving Sri Lanka's ethnic problem, which involves the demand for a separate nation by the minority Tamils.

Mr. Athulathudeni said that Mr. Gandhi "well understands" Sri Lanka's concern and the two men had agreed to maintain "close contact between our two countries at an appropriate high level." Relations between India and Sri Lanka have been strained by Sri Lankan assertions that India shelters, trains and arms Tamil guerrillas. India has repeatedly denied the allegations.

U.K. Aide Acquitted in Falklands Leak

LONDON (UPI) — A court acquitted a senior Defense Ministry official Monday on charges of breaking the Official Secrets Act by leaking documents to an opposition member of Parliament about the sinking of an Argentine cruiser, General Belgrano, during the Falkland Islands war.

The jury found Clive Ponting, 38, not guilty of breaching the 1911 act, which forbids transmitting government information to unauthorized persons. Mr. Ponting headed the Defense Ministry branch directly concerned with naval operations and was a key adviser to Defense Secretary Michael Heseltine. The verdict was unexpected.

Mr. Ponting's defense was that the recipient of the documents, Tam Dalyell, a Labor member of Parliament, was an "authorized" person to receive the information and that it was in the interest of the state to hand it over to him. Mr. Dalyell had alleged that Prime Minister Margaret Thatcher ordered the cruiser's destruction in order to derail a peace plan that was being put forward by Peru. The ship was sunk May 2, 1982.

U.S. Envoy to France Stepping Down

PARIS (AP) — The U.S. ambassador to France, Evan G. Galbraith, said Monday that he would leave his post in July after nearly four years in Paris. No replacement was announced.

"It has been a unique experience, and I am grateful to President Reagan for having allowed me to serve," he said in a statement released by the U.S. Embassy. Mr. Galbraith, 56, a former investment banker, would not disclose his plans, but he said he expected to play an active role in conservative politics.

Mr. Galbraith has been called in three times by the French government and asked to explain statements he had made. A year ago, he was taken to task for saying in a radio interview that French Communists could not be trusted because of their ties to Moscow.

Glomp Vows to Defend Polish Priests

WARSAW (Reuters) — Cardinal Jozef Glomp accused Poland's Communist authorities Monday of waging an ideological struggle against the Catholic Church and pledged he would defend priests threatened with imprisonment.

Cardinal Glomp, the Polish primate, was sharply critical of the conduct of the trial of four security police officers imprisoned for the murder of Jerzy Popieluszko, a priest who was a strong supporter of the banned Solidarity labor movement. "There was an attempt to hold a trial of Father Popieluszko, not in a formal manner, but for the benefit of the propaganda media," he said.

The cardinal said a recent wave of anti-church statements in the state-controlled press and on television "are local pinpricks rather than a frontal attack but they do point to ideological struggle."

The primate's rare meeting with journalists followed expressions of anger by the church over Polish press coverage of the murder trial, which ended last week, and a warning by the religious affairs minister, Adam Lopatka, that the authorities would imprison radical priests in the future.

British Railmen Back Striking Miners

LONDON (AP) — Train drivers in London called a one-day walkout Monday, despite the opposition of their union leaders, in support of the 49-week-old strike by British coal miners.

The walkout was part of a "day of action" protest called in southeast England on behalf of the miners, who went on strike last March 12 over plans by the National Coal Board to close 20 money-losing mines.

The Times of London reported that the coal board and the Trades Union Congress were devising a "formulation of words" to break a deadlock in talks with the National Union of Mineworkers. The general secretary of the miners union, Peter Heathfield, said Sunday night that new talks could be started if "an acceptable form of words" on the mine-closure issue could be found.

Balloonist Dies in Plane Crash in U.S.

ALBUQUERQUE, New Mexico (AP) — Ben Abruzzo, 55, who rode in the first balloons to cross the Atlantic and Pacific oceans, was killed Monday along with his wife and four other people when their twin-engine plane crashed near an airport.

In August 1978, Mr. Abruzzo, Maxie Anderson and Larry Newman crossed the Atlantic Ocean in a balloon named the Double Eagle 2. The helium-filled craft landed at Evreux, France, after a five-and-a-half-day flight of about 3,000 miles (4,848 kilometers) from Presque Isle, Maine.

In November 1981, Mr. Abruzzo was captain of the helium-filled Double Eagle 5 when he, Mr. Newman and two other men made the first balloon crossing of the Pacific Ocean, flying from Nagashima, Japan, to northern California in four days.

Israelis Bomb Bekaa Valley for 2d Day

BEIRUT (UPI) — Israeli warplanes Monday pounded what the Israeli military said was a Palestinian base in the Syrian-controlled sector of eastern Lebanon's Bekaa Valley in the second air strike in 24 hours.

The Israeli Army said the aircraft scored hits on a base of a Palestinian guerrilla leader, Abu Musa, near the village of Talabayya, the site of Sunday's raid, about 22 miles (35 kilometers) southeast of Beirut. There were no immediate reports of casualties from the air strike because of continuing explosions. The strike followed the killing last week of three Israeli soldiers in southern Lebanon.

For the Record

President Hafez al-Assad of Syria, running as the only candidate, won re-election to a third term with 99.97 percent of the vote, the government announced Monday.

6 Israelis Meet With Arafat

(Continued from Page 1) King Hussein of Jordan and the PLO agreed on "a framework for common action" to deal with the Palestinian problem, according to a Jordanian government statement issued in the Jordanian capital of Amman.

King Hussein and Mr. Arafat met Monday in Amman, but Palestinian sources said they were far apart in their positions. The announcement gave no details of the new joint strategy.

Sayed Kamal, a member of the Palestine National Council who is known to be close to Mr. Arafat, said in Cairo that a three-way initiative, should it materialize, would be supported by Saudi Arabia and some other Arab countries.

"There is a possibility for a Jordanian-Egyptian-Palestinian move supported by Saudi Arabia, Iraq and Algeria, and this support could extend to other Arab countries, not excluding Syria," Mr. Kamal said.

At a meeting of the Palestine National Council, the PLO's parliament, in Amman in November, the king proposed a strategy based on UN Security Council Resolution 242, aimed at trading territory for peace in future negotiations with Israel.

The PLO has rejected the resolution because it does not specifically call for establishment of a Palestinian state.

U.K. Official Visits Sofia, Calls For Improved Ties

The Associated Press

SOFIA — The British foreign secretary, Sir Geoffrey Howe, arrived Sunday in Bulgaria on an official visit, and said that he hoped the visit would help to improve East-West relations.

Sir Geoffrey said his visit reflected Britain's wish to improve ties by enhancing dialogue, the official news agency BTA reported.

British-French Dispute Threatens New Fighter

(Continued from Page 1)

tive development project with the United States or it could lead to the outright purchase of a U.S.-made fighter, even though France would oppose such plans.

Although industry and government officials rate the chances of a trans-Atlantic project at close to zero, Northrop Corp. of the United States and Dornier GmbH, a West German aerospace company, have been studying joint development of a tactical fighter for Germany in the 1990s, called the ND-102. Similarly, other leading U.S. aerospace companies have had regular contact with their counterparts in Britain, Italy and Spain.

"We have proven with our earlier projects, such as the Airbus, Ariane, new jointly built helicopters, weapons systems and our new space program that European cooperation is the best solution," said an official of a West German aerospace company. "So these meetings must make progress, or European cooperation will be dealt a severe blow."

Although the basic conflict over the new European fighter is between Dassault and British Aerospace, other manufacturers were described by industry sources as being "somewhere in between" the French and British positions; these are West Germany's Messerschmitt-Bölkow-Blohm, a privately owned company, Italy's Aeritalia and Spain's Construcciones Aeronauticas SA, also state-controlled.

Company officials said that Britain was preparing to test fly its demonstrator model, known as the EAP, also in 1986.

British industry sources said that if France did not agree to a "fair" collaborative approach soon, Britain might proceed on its own with West Germany, Italy, Spain and, possibly, the Netherlands. Fokker, the Netherlands' leading aerospace company, has expressed interest in participating in the European Fighter Aircraft project, but so far has not been asked to participate in any of the feasibility studies. "We are waiting on the governments," a company spokesman said.

Another top priority of the research office is a new, maneuverable re-entry vehicle that would be added to the MX missile or fitted onto an as-yet undeveloped small U.S. missile called Midgeman.

Major Larry E. Skapin, an air force missile engineer, who represents the program in the Pentagon, said the program's researchers plan to be studying advanced missile guidance systems this year that could be used against "relocatable targets."

Missiles with these precision guidance systems would receive inflight signals from spy satellites and adjust course to chase down mobile enemy missile launchers. The Russians have hundreds of mobile SS-20 launchers capable of directing missiles at European targets, and both sides are developing mobile missiles of intercontinental range.

While decoys and maneuvering re-entry vehicles are designed to overwhelm defenses at the middle or final stages of a missile's trajectory, the missile systems program office is also beginning to study other measures, including some intended to protect missiles in the early boosting phase.

U.S. Presses Missile Plan

(Continued from Page 1)

coys, developed by Lincoln Laboratories, which is affiliated with Massachusetts Institute of Technology, is said to be capable of reading the signals from enemy radar or infrared sensors and instantly devising a counter-signal to fool the defenders into thinking the decoy is a real warhead.

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Stalin

Roosevelt

Churchill

Yalta Focused on Politics, Not War

Washington Post Service

WASHINGTON — With victory near, the heads of state of the Big Three Allies — Franklin D. Roosevelt, Winston Churchill and Josef Stalin — met at Yalta on the Black Sea coast Feb. 4-11, 1945.

On the military front, the Soviet Union, which was about to launch its final offensive against Germany, pressed for U.S.-British advances in Italy and in the west to keep the Germans from transferring troops to the eastern front. In return, Stalin confirmed his pledge to declare war on Japan after Germany's defeat.

Political considerations, however, took center stage, particularly the questions of policy toward Poland and the rest of Eastern Europe and what to do with a defeated Germany.

It had been decided earlier that Germany would be divided into occupation zones. The Soviet zone would be east of a line 200 miles (324 kilometers) west of Berlin; the American would be in southern Germany; and the British would be in the north-west. This was confirmed at Yalta, and it was agreed that a portion of the U.S. zone would be carved out for the French.

Roosevelt and Churchill were able to elicit from Stalin the Declaration on Liberated Europe, a document that affirmed "the right of all peoples to choose the form of government under which they

will live." In Poland, specifically, the Allies agreed to "free and unfettered elections as soon as possible on the basis of universal suffrage and secret ballot."

In a secret protocol on the Far East, the three agreed that the independence of Outer Mongolia would be recognized and that the Soviet Union would regain southern Sakhalin Island, a leased naval base at Port Arthur (now Lushan, China), rights to an international port at Dairen (now Luta, China), and participation in running the Southern Manchurian and Chinese Eastern railways, all of which they had lost in the Russian-Japanese war of 1904-05. Further, Japan was to cede the Kuril Islands to the Soviet Union.

Also discussed was the United Nations Charter, and a compromise was reached on voting in the Security Council. Stalin dropped his insistence that all 16 Soviet republics be granted seats in the General Assembly; Roosevelt and Churchill agreed to two in addition to the Soviet Union itself: Belorussia and the Ukraine.

Most of the conference protocols were not revealed until 1946. When they became public they drew an outcry in the United States from supporters of Poland, Nationalist China and Germany.

The Republican Party platform of 1952 called for repudiation of all commitments resulting from the conference. The State Department published the minutes of the conference in the mid-1950s.

Egypt Falls Behind in Paying U.S. For Arms

By Judith Miller

CAIRO — Egypt has fallen seriously behind in making payments on its \$4.5-billion military debt to the United States and owes between \$250 and \$300 million in interest, financial sources said Monday.

The sources declined to say how many payments, or portions of payments, Egypt had missed. But they said that the pattern of arrears became persistent about the middle of 1984.

Neither Egyptian nor American government officials here would comment on the debt problem. But Egypt's military debt was said to be high on the list of issues that President Hosni Mubarak is scheduled to discuss with President Ronald Reagan and other American officials when he visits Washington early next month.

Egypt was also behind in making interest payments on military debt to France, Britain and to Spain, the sources said. Egyptian officials quietly re-scheduled interest payments on the country's military debt to China during a recent visit there, they added.

Both Egyptians and Americans are said to be concerned that Egypt's delay in meeting its debt obligation, if protracted, could damage the country's credit rating and lead to political difficulties with Congress.

"We're definitely heading for a major crunch," said a financial source who follows the debt issue closely.

"Egypt's interest payments on military debt almost equal its economic aid from the United States," he said. "That is clearly untenable for Egypt."

Since 1978, the United States has committed \$4.5 billion to Egypt in military grants, which do not have to be repaid, and loans, which are paid back at slightly below market interest rates. As of the end of 1984, \$3.7 billion of the funds were dispersed.

Most of the money the United States has provided has been in the form of loans, not grants. Washington has permitted Egypt to pay only interest, not principal, for the first 10 years of the loans. Hence, payments on principal are not scheduled to begin until 1989. At the end of the last fiscal year in September, Egypt's debt service on the loans was projected at \$375 million to \$400 million.

This fiscal year, which began in October, Egypt will owe the United States an estimated \$450 million in interest alone.

The reasons for the delay in full payment are not clear. Egypt has recorded a balance of payments surplus since the 1981-82 fiscal year. A U.S. Embassy report issued in October concluded that although Egypt faced "a number of serious economic problems, there is no impending economic crisis."

But a major source of revenue — money sent home by up to four million Egyptians working abroad — is believed to have peaked. Oil revenues have been hurt by the worldwide decline in oil prices. Suez Canal revenues, another major income producer, were slightly depressed last year by the spate of mining incidents in the Red Sea near the canal, financial sources said.



From left, Andreas Papandreou, Nikolai A. Tikhonov and Andrei A. Gromyko.

Papandreou Might Meet With Chernenko

Reuters

MOSCOW — Prime Minister Andreas Papandreou of Greece began a three-day visit to Moscow on Monday and Western diplomatic sources said that it was possible that President Konstantin U. Chernenko might make his first appearance in public for six weeks to meet him.

They said that Kremlin aides had said that Mr. Chernenko would hold talks with Mr. Papandreou, whose visit was expected to consolidate the warm relationship between Greece's Socialist government and Moscow.

Mr. Chernenko, 73, last appeared in public on Dec. 27 and officials have acknowledged that he was in poor health. The meeting with Mr. Papandreou was scheduled for Tuesday afternoon.

[A Greek Embassy spokesman said that it might be early Tuesday before it was clear if a meeting would be held. United Press International reported.]

Many Poles Still Bitter About Yalta Agreement

(Continued from Page 1)

adding that she personally doubted that the Western leaders could have done anything differently.

President Ronald Reagan has again made Yalta a subject of international political debate by telling a group of Polish-Americans last August: "We reject any interpretation of the Yalta agreement that suggests American consent for the division of Europe into spheres of influence."

But while the West tends to take a negative view of Yalta, seeing in its legacy the unintended division of Europe, the Communist East takes a positive view, holding Yalta up as a lesson in international cooperation.

In Poland, Yalta's 40th anniversary has brought with it a flood of articles in the official press accusing the West of trying to distort the significance of the Crimean conference. Those in the West now trying to distance themselves from the agreement are said to be undermining peace and security in Europe.

"That the Yalta and Potsdam agreements are permanent is best shown by the 40 years of peace in Europe, the longest such period in modern history of this continent, which distinguishes Europe from the rest of the world," Jerzy Urban, the Polish government spokesman, said last week.

Polish officials contend that West Germany stands to gain the most if the present European order were to be undone. As a frequent victim of German aggression in the past, Poland is acutely sensitive to any move that might boost German power.

"If the present political map of Europe were to be annulled," said a Polish press agency commentary last week, "then Poland, obviously under a different social system, would be seriously reduced in terms of territory and would turn into a truncated state, since her

western borders would not hold up."

Fearing attempts by West Germany to reclaim territory ceded to Poland after World War II, the press agency commentary added: "This is why Poles, in their best conceived national interest, should be most ardently opposed to any sort of revision of Yalta and Potsdam."

If the balance of power in Europe is ever to change, Polish political experts argue that it cannot be

done in a climate of anti-Soviet propaganda generated by the West.

"The division of Europe is not the result of Yalta but of the Cold War and break in cooperation between the superpowers," said Janusz Symonides, director of Poland's Institute of International Affairs. "Who was responsible for that is another question."

"I agree that Europe should be more united," he added, "but that is a long process, and this process, in order to take place, cannot be

used by one superpower against the other."

Ms. Kersten said that it would make more sense for the West to remind the Soviet Union of the provisions of Yalta — the call for free elections in Poland and for democratic institutions throughout Europe — than to renounce the agreement.

"The slogan should not be: 'Do away with Yalta,' she said. "The slogan should be: 'Live up to Yalta.'"

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3 Swiss Soldiers Die in Crash
The Associated Press
BERN — Three Swiss soldiers were killed Monday and eight were injured, some of them seriously, when a military truck skidded on snow on a highway and hit an oncoming civilian truck.

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They Play Both Doves in U.S. Cross Compete Fierce

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served on elegant and table linen. Make sure yo and champagne fro (Don't forget the ch and fruit basket.) Make sure you've got a compr hensive selection of business reading material.

They Play for Keeps, Both Down and Across

In U.S., Crossword Puzzle Fanatics Compete Fiercely in 'Mental Athletics'

By Steven R. Churm
Los Angeles Times Service

LOS ANGELES — It's not likely that Stanley Newman, a short, brainy bond analyst from New York, will ever rank alongside such sports idols as Joe Montana or Steve Garvey. But he was chattering like a champion moments after he had scored a major victory in his own field of play — crossword puzzles.

"It was exhilarating. I was so pumped up as I filled in those last couple of boxes. People had been talking about me as a has-been, so I wanted this — badly," Mr. Newman said Sunday after defeating two challengers in the final round of the Greater Western Crossword Puzzle Tournament here.

Mr. Newman was the winner of the first U.S. Open Crossword Championship in 1980. On Sunday, he finished the complex puzzle in seven and a half minutes, answering correctly all 64 questions almost twice as fast as the other two finalists, a New York statistician and a Northern California corporate strategist.

Mr. Newman talks like a high-priced athlete because he is among the elite of a small but growing collection of U.S. puzzle-solvers, who have come out of kitchens, lunchrooms, corporate offices and anywhere else "crossword fanatics" closest themselves with pencil and puzzle. They view themselves as "mental athletes," who experience the same rush of emotions while competing as football or baseball players.

"Ask almost anyone here why they came, and they'll probably tell you they wanted to see just how good they really are," said Larry Ash, a professor at the University of California at Los Angeles, one of 50 entrants in the Los Angeles tournament.

"When you've been doing puzzles for 30 or 40 years, and you can solve them in 15 or 20 minutes, you start to feel your oats. You want to test your talent," said Mr. Ash, who like the other entrants paid \$20 to spend two days trying to solve seven puzzles.

"But after two days here, I've been humbled," he said, laughing. "To be tough enough for a tournament, Mr. Newman said, a puzzle-solver needs the obvious skills: a strong vocabulary, a penchant for trivia and a broad knowledge of current events.

"As you're filling in the answer," Mr. Newman said, "your eyes must be scanning the next question."

That was evident in Sunday's

Curricula in 'Disarray,' College Group Alleges

(Continued from Page 1)

and other areas of the humanities, a lack of science education for non-scientists, fuzzy curriculum requirements and lack of a coherent rationale for degree requirements.

The Project on Redefining the Meaning and Purpose of Baccalaureate Degrees was organized under a committee of 18 prominent educators. Among them were Ernest L. Boyer, president of the Carnegie Foundation; Richard Kuhns, professor of philosophy at Columbia University; and Frederick Rudolph, professor emeritus of history at Williams College, who became the principal author of the report.

The project was supported by the Pew Memorial Trust and four other foundations. The panel analyzed the academic programs of 11 institutions and held several conferences.

The investigators said: "Evidence of decline and devaluation in college curricula is everywhere."

"The business community complains of difficulty in recruiting literate college graduates," it said. "Remedial programs, designed to compensate for lack of skill in using the English language, abound in the colleges and in the corporate world. Writing as an undergraduate experience, as an exploration of both communication and style, is widely neglected."

"Foreign language incompetence is now not only a national embarrassment," the report said, "but in a rapidly changing world it threatens to be an enfeebling disadvantage in the conduct of business and diplomacy."

The failure of college curricula to keep pace with scientific and technological change, it continued, means that "we have become a people unable to compre-



The Rev. Jesse L. Jackson

Jackson Urges Blacks to Reassess Their Loyalty to Democratic Party

By Juan Williams
Washington Post Service

WASHINGTON — The Reverend Jesse L. Jackson, saying that Democratic Party leaders are trying to attract white male voters by "proving they can be tough on blacks," has advised blacks to reassess their loyalty to the party.

Mr. Jackson said Sunday that Democratic leaders, rebuilding after President Ronald Reagan's landslide election victory over Walter F. Mondale, are engaging in "self-deception" by failing to understand the reasons for their defeat and failing to recognize that blacks, the young, women, Hispanics, Asians and the poor are the future of the party.

The black leader had harsh words for party leaders, including his new chairman, Paul G. Kirk Jr., who he said "inherited Mondale's legacy."

"He won on the muscle of organized labor," Mr. Jackson said.

He said Mr. Kirk's election was without support from New York, California, the southern states or blacks and is a continuation of the Mondale-labor coalition that lost the election.

He also made it clear that he will not recognize the election of Roland W. Burris, the black Illinois state comptroller who defeated the mayor of Gary, Indiana, Richard G. Hatcher, for the vice chairmanship. Mr. Hatcher was the choice of the party's black caucus and was

Mr. Jackson's campaign chairman. "I assume Roland has his own constituency since he went outside of the black people in the party," Mr. Jackson said. "I will not affirm the product of the violation" of the black caucus, he said.

He also accused Mr. Kirk of attempting to "gain in stature at the expense of blacks" by opposing the black caucus nominee, Mr. Hatcher's defeat was viewed by some party leaders as a rebuke for Mr. Jackson.

Mr. Jackson, 43, was speaking in a hospital room here where he is recuperating from pneumonia and a partly collapsed lung.

"There is a scheme to have the party to prove its manhood to whites by showing its capacity to be unkind to blacks," he said.

He said he was advising black Democrats to "reassess their relationship with the party."

"The political growth industry in this nation is in the poor, females, young people, blacks, Hispanics, Asians," Mr. Jackson said.

"To try to read into Reagan's victory white male dominance is wrong," he added.

"One candidate said he would raise taxes if he won, an idea so unpopular he couldn't coerce some Democratic leaders to get on the stage with him," Mr. Jackson continued. "Democratic candidates were running for office and saying 'I am not a Mondale Democrat.'"

He said many prominent Democrats deserted Mr. Mondale, including Senator Albert A. Gore Jr. of Tennessee, Senator Howell Heflin of Alabama, Senator Carl Levin of Michigan, Representative Paul M. Simon of Illinois, and the former governor of North Carolina, James B. Hunt, who lost his attempt to capture the Senate seat of Jesse Helms, a Republican.

Mr. Jackson said the record black voter turnout — about 10 percent of the national turnout and higher in several large states — almost all went for Democratic candidates and "should be seen as a party asset and not a liability."

While the black vote could not stop the Reagan landslide, Mr. Jackson said, it "cut his coattails" by helping Senators Gore, Heflin and Levin to win Senate seats and carrying Democratic candidates for state office to victory despite Mr. Reagan's triumph.

Mr. Jackson said black voters are already becoming independents and shifting from party politics to voting rights enforcement and voter registration.

"Both parties reject power for minorities," he said. "So we will get a new lever on power and win without the parties."

He contended that the party's movement away from blacks is part

U.S. Cabinet Aide Defends Plan to Curb Student Aid

The Associated Press

WASHINGTON — Education Secretary William J. Bennett defended Monday the Reagan administration's plan to cut aid to college students and said the move would force some students to give up their studies, cars and beach vacations.

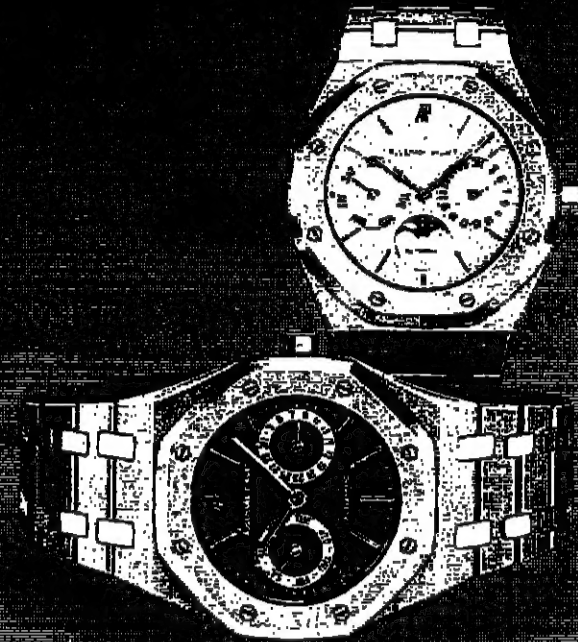
Mr. Reagan asked Congress last week to deny guaranteed student loans to all students from families with adjusted gross incomes above \$32,500; to eliminate grants, work-study jobs and other aid for those with incomes above \$25,000; and to limit to \$4,000 a year the maximum U.S. help any student can draw.

Mr. Bennett, who joined the Reagan cabinet Wednesday, said the proposed cut of loans and grants to more than a million students was justified because of the high U.S. deficit.

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Make sure you've got French wine and champagne from Moët and Chandon. (Don't forget the cheese board and fruit basket.)

Make sure you've got a comprehensive selection of business reading material.

Make sure you've got an electronic headset and a pair of comfort socks.

Make sure you've got someone to fuss over you. (Only an airline with one cabin attendant for every ten passengers can make sure you've got that.)

And make sure you've got an airline whose route network can take you to 40 different destinations



across four continents.

In short, before you take off on business, make sure you've got a ticket flying Royal Executive Class on Thai.

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Mozambique's Struggle: Now It's for Survival

**Drought, War Push Maputo to Suspend
Socialist Crusade and Seek Western Aid**

By Glenn Frankel

Maputo, Mozambique — It has been 10 years since the Portuguese colonists who clung to this long, narrow Indian Ocean coastline for five centuries left and revolutionaries who had spent a decade in the bush took power, launching a crusade to create Marxism's "new man" in Africa.

The sign greeting arrivals at Maputo's airport still reads, "Welcome to Mozambique: a Liberated Zone of Humanity." But the search for the "new man" and the socialist ideal he embodied has been suspended, if not scrapped, as Mozambique struggles to survive.

Ten years of war, misguided policies, cruel weather and hostile neighbors have combined to leave the city of Maputo with an unaffordable luxury.

The country is locked in a civil war with the well-equipped and often well-trained rebels of the Mozambique National Resistance, whose lifelines extend abroad. Drought has helped destroy Mozambique's farms, killed 100,000 of its peasants and displaced hundreds of thousands of others.

This once-beautiful seaport capital has become a city of empty shelves, worthless currency and deserted cafes, where people line up for hours for a rationed quantity of life's bare essentials. Even among the intellectuals who once celebrated Mozambique's revolution as the birth of a new age, there is a growing sense of pessimism and disillusion, fueled by the daily grind of shortages, electric power cuts and the search for enough to eat.

Still, although wounded, Mozambique still has life. Its leaders are pursuing the road to pragmatism with the same fervor that once infused their search for the classless society.

In the past year, Mozambique has signed a nonaggression pact with neighboring South Africa, its former implacable foe; promoted "privatization" in its farms and factories; joined the World Bank; submitted its books to the International Monetary Fund; and allowed Western relief agencies to play an increasing role in its emergency aid programs in drought-stricken areas.

In return, Western bankers have rescheduled \$300 million in debt payments, and Western nations, led by the United States, have increased contributions of food and other aid dramatically.

The gamble has yet to pay off. In the past year there has been further deterioration of security and a decline in the economy.

When 200,000 Portuguese colonists fled Mozambique in 1975, they took their money, possessions and expertise. What they could not carry, they destroyed: Industrial equipment was sabotaged, telephones ripped out, tractors driven into the sea, light bulbs smashed. They left behind 12 university graduates in a nation of more than 10 million people.

Faced with this barren inheritance, the leaders of Frelimo, the Front for the Liberation of Mozambique, embarked on a vast project to create a modern industrial

economy where only a feudal brand of colonialism had existed. They built hundreds of schools and clinics. They tried to take economic shortcuts, using an Eastern European blueprint: large state-run factories and farms operated on production schedules dictated by a centralized authority. But in Mozambique, with its acute lack of trained managers and adequate resources, this approach failed.

Industrial production, which had collapsed during the last two years of the independence war, began a slow climb back in the years up to 1981. But then, damaged by war and world recession, it fell 4 percent in one year.

The most negative impact of state control occurred in the countryside, where 85 percent of Mozambique's population lives. Forced movement into villages tore many from their land. State-run farms soaked up virtually all government investment in agriculture.

Food prices were kept artificially low, providing a disincentive to farmers to produce. Those who did found that the money they were paid was worthless and that there was nothing to buy in traders' shops taken over by the state.

Food began to disappear. Some of it went across porous borders to more profitable markets, some went into the growing domestic black market, and some was left to rot on the ground. Growth in official food production, which had increased during the late 1970s but not enough to match population growth, fell between 1981 and 1983.

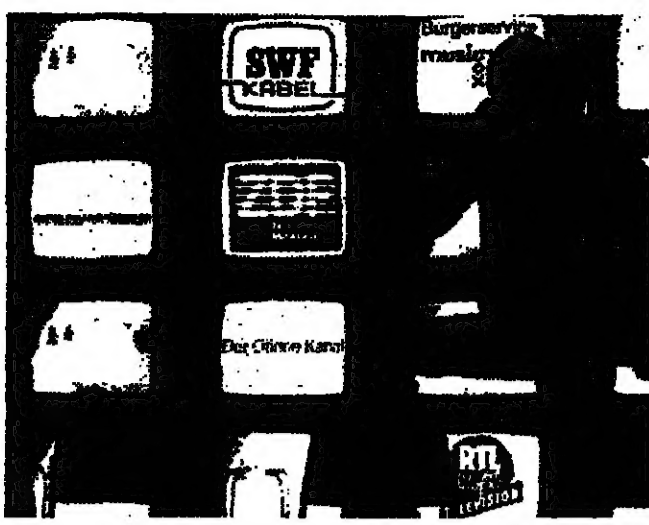
The collapse of the rural economy left the country vulnerable to drought and provided fertile ground among disaffected peasants for the growth of the Mozambique National Resistance, founded by the former Rhodesian intelligence service and later adopted by South African military intelligence.

The result of all these elements is visible in northwestern Tete province, scene of starvation last year. Farmers in the province's northern Angonia area were producing food surpluses even while their neighbors south of the Zambezi river were dying of hunger. But the food went to nearby Malawi because rebels had choked off the roads leading to the south, and also because farmers got better prices and were able to barter for consumer goods there.

Against bread lines and shortages, Western economic ideas are beginning to make an impact inside Mozambique. Americans and Europeans are searching for oil and natural gas off the coast.

How long can Mozambique survive? Part of the answer lies with President Samora M. Machel. Trim, purposeful, charismatic and endlessly optimistic, he in many ways personifies the spirit of Mozambique.

A farmer's son, Mr. Machel led Frelimo in its 10-year bush war, and he then set the country firmly on the socialist road. But he is no ideologue. The opening to the West and the signing of the Nkomati Accord with South Africa were his initiatives. If they fail, the failure will be his.



TV sets tuned to cable channels received in West Germany.

Membership in Unions Drops to 18.8% in U.S.

By Peter Perl

Washington Post Service

WASHINGTON — Union membership declined from 23 percent of the U.S. work force in 1980 to 18.8 percent in 1984, the lowest level in recent years, according to a study by the Bureau of Labor Statistics.

The study documents the decline in union membership brought on by automation, by huge layoffs in heavily unionized industries such as automobile and steel, by the increasing success of employers' anti-union efforts, and by the sharp growth in service industries that unions have had little success in organizing, according to labor experts.

While losing members through plant closings and layoffs, unions have been largely unsuccessful in organizing many of the new, small enterprises in health care, high technology and education.

Although the wages of union members are about 33 percent higher than those of other workers, according to the survey, the loss of membership has also meant shrinking treasuries. This has left unions unable to devote more money to organizing drives, which have become increasingly expensive as employers have fought more legal battles to thwart unions.

"There's no surprise in these statistics," said an AFL-CIO labor economist, John Zalusky. "If there's any surprise at all, it's that we were afraid the figures had fallen even further."

The AFL-CIO, a federation of 96 labor groups, has about 13.5 million members but does not keep data on membership of other unions.

The most surprising finding was that union membership declined although the economy has created five million new service-sector jobs since 1980, a Bureau of Labor Statistics economist said.

The data, based on a monthly survey of 60,000 households, is the first bureau estimate of union membership made since 1980, when it suspended its count of union members to save money in the first year of the Reagan administration.

Mr. Zalusky said that the AFL-CIO thought that the data was misleading on the percentage of the work force belonging to unions because many workers are self-employed, unemployed or are supervi-

sors ineligible to join unions. The AFL-CIO's data is based on the "organizable" work force, which the federation estimates is 26 percent unionized.

The study showed a decline in union membership of 2.7 million people. The number of union members dropped from 20.1 million to 17.4 million since 1980, according to the study, a loss of 13 percent, while the civilian work force expanded almost 5 percent. Although membership was pegged at 17.4 million, union contracts covered 19.9 million workers.

Union membership among non-agricultural workers reached a high of 35 percent in 1945.

The household survey showed that the median weekly wage for nonunion workers was \$303; for union workers it was 33 percent higher, \$405. In 1983, the median union wage was 35 percent higher than that of other workers.

The wage advantage of union membership varied markedly, however, for women and minorities. Unionized women earned a median weekly wage of \$326 compared with \$251 for nonunion women. Black union members earned \$357 while other blacks earned \$236. Hispanic union members earned \$351 compared with \$238 for non-union.

The steepest decline in union membership came in the goods-producing sector of the work force, which was 30 percent unionized in 1980 but slipped to 24 percent in 1984. The service sector, which was 13.5 percent unionized, declined to 10.5 percent.

Only the public sector remained relatively stable in union membership during the five-year period, declining from 35.9 percent to 35.7 percent.

West Germany Tunes In to Cable TV

End of State Monopoly Causes Debate on Channels' Political, Cultural Impact

By James M. Markham

New York Times Service

HAMBURG — Consolidating his grasp on the German nation, Hitler revolutionized politics through his discovery of the power of the spoken voice carried by radio.

In no little measure because of Hitler's exploitation of the airwaves, the tone of voice on radio and television in postwar West Germany is self-consciously calm, flat and unemotional. The country's two big semi-autonomous public television stations are earnestly didactic, highbrow and dull.

But in January, opening to the strains of Dvorak's "New World" symphony, a privately owned cable-television station broke West Germany's public television monopoly. Its offerings include an announcer who reads the news with a black cat on his lap, "The Waltons," "Love Boat" and a thick diet of U.S. and Italian films.

Conservatives hail the advent of private television as a West German communications revolution that will weaken the sway of public television's left-leaning correspondents and commentators and create lively alternatives to the soporific, bookish diet now beamed to the nation.

In the opposition Social Democratic and Green parties, voices warn of the spread of an Americanized "mass-idiot culture," and of a political coup by rightist publishers.

Although West German legislators have tried to insulate television from overt bias, it remains intensely political. "Media politics are power politics," said Dieter Weich, a member of the Bundestag who is the governing Christian Democrats' expert on radio and television.

Cable television has come late to West Germany because of the opposition of the left-of-center Social Democrats, who were toppled from office in late 1982. The Social Democrats felt comfortable with their light rein over public television, and Helmut Schmidt, who detractors saw as a haughty intellectual chancellor, warned that private television posed dangers "far more acute than nuclear energy."

One of the firmest promises of Chancellor Helmut Kohl's center-right coalition was to bring West German television into the cable age. Mr. Kohl's minister of posts and telecommunications, Christian Schwarz-Schilling, staked his reputation on a costly crash program of wiring the country with broadband copper cable, which some experts say will soon be obsolete.

Mr. Schwarz-Schilling's enthusiasm has collided with a formidable obstacle: West German federalism.

Because of the experience of Hitler's abuse of a centralized radio network, the postwar occupying powers bequeathed to West Germany a tradition, enshrined in its constitution, that gives control over program content to the 10 states and West Berlin.

This has meant that states governed by the Social Democrats, like Hesse, North Rhine-Westphalia and Bremen, have been able to block the spread of private television to their areas.

In North Rhine-Westphalia, a pro-Social Democratic newspaper chain is negotiating with a regional public station to make its own cable program. Only in Hesse, where a Social Democratic minority government is dependent on tolerance

by the Greens, who oppose the cable, is a last-ditch battle likely.

"We made the mistake of simply saying 'no,'" said Peter Paterna, the Social Democrats' press expert and a deputy from Hamburg, looking back on the last decade. "If we had been more forthcoming, we might have been able to put our imprint on the overall national pattern."

The advent of private television has spawned a gold-rush atmosphere among West Germany's newspaper and magazine publishers, who fear that advertising revenues will slip out of their control.

"Nobody sees profits in sight, but everybody thinks it's going to be a gold mine," said Bruno Des-

champs, a publisher of the conservative Frankfurter Allgemeine Zeitung, which now produces a weekly feature and current events show for SAT-1, the pioneer private channel that opened Jan. 1.

The giant Axel Springer publishing concern owns 35 percent of SAT-1 and has put out the word that it will be happy to buy the shares of any dropouts from the enterprise.

The prospect that Mr. Springer, an anti-Communist rightist, might end up controlling SAT-1 is a nightmare for the Social Democrats. But Mr. Springer's representatives on SAT-1's centerpiece news program, "Blick," have stayed in the background.

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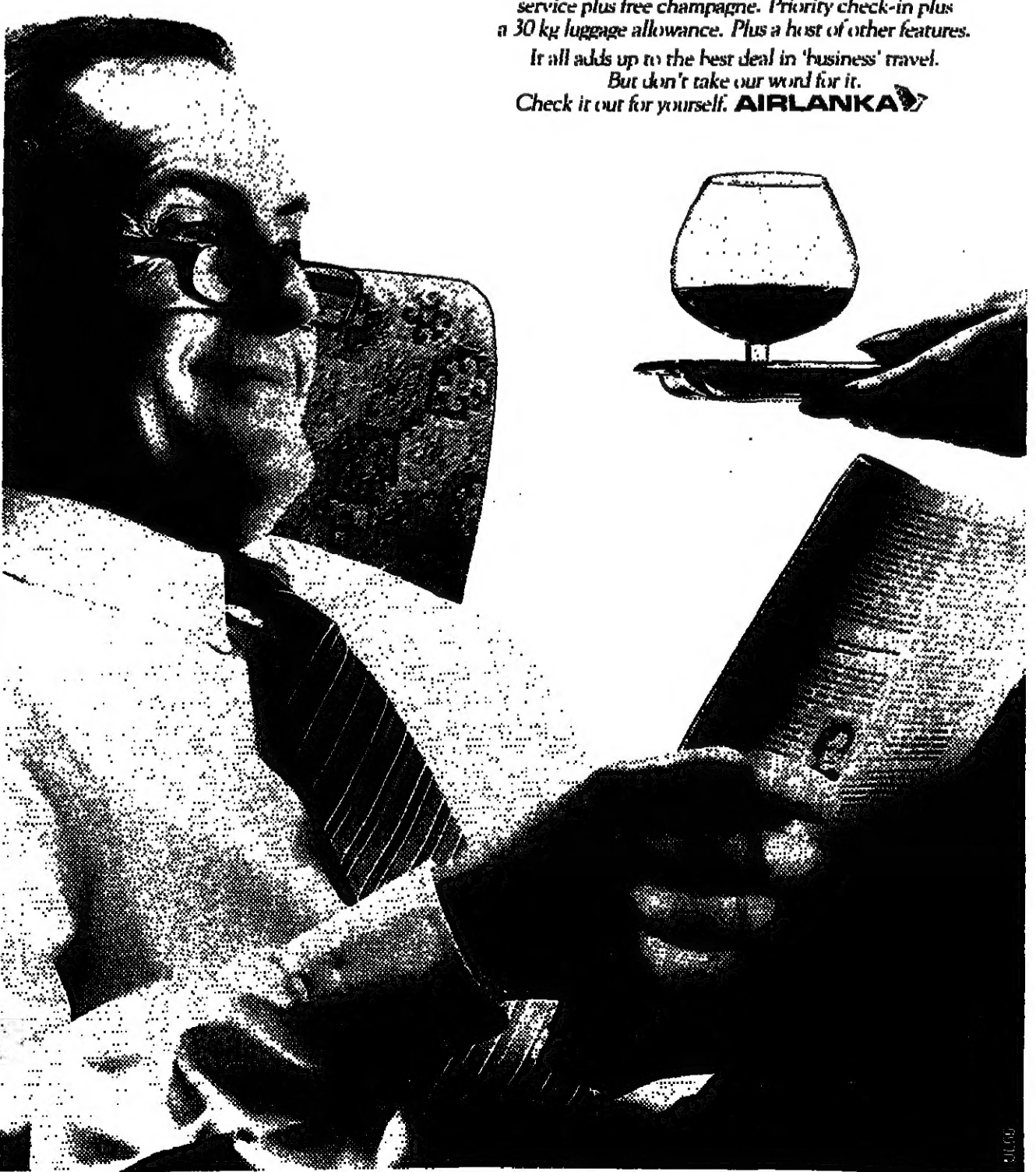
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ARTS / LEISURE

'Main Street' Celebrates Sinclair Lewis's Birthday

By Andrew H. Malcolm

SAUK CENTRE, Minnesota — Phyllis Olson played the piano. Kathy Lieser baked a cake. Joe Kiselewski couldn't make it because of a bad cold. But Mary Hanson came out, even with all the sidewalk ice. The postmaster was there, and Jeanine Wolbeck. And Al Tingley and Dave Jacobson seemed to get along for once.

At one point everybody in the hotel here sang "Happy Birthday" to Harry Lewis, who wasn't there. Lewis, Red to his friends, is better known to the world as Sinclair Lewis, the writer. And Sauk Centre is better known as Gopher Prairie, the not really fictional setting of Lewis's most famous novel, "Main Street," written in 1920.

Harry Sinclair Lewis, who died in Italy in 1951 at the age of 65 and had his ashes sent back home, was not the first Middle Western youth to forsake his small town for the bright lights of the big city. Nor, according to a number of older residents here, was he anywhere near the last.

But Harry, or Hal, as he is mostly remembered in this place where no one is called Mister, was the first American to win the Nobel Prize for Literature, in 1930.

To some here, he might have seemed to be putting on airs, using his middle name and all, marrying and divorcing two times, turning down the Pulitzer Prize in a snub. And for a while a lot of the old-timers, who have died since, resented his biting portrayal of American small-town, middle-class life, especially if they ever got around to reading the books and saw parts of themselves in "Main Street" and other best sellers like "Babbalanza," "Elmer Gantry" and "Arrowsmith."

But in the past week a goodly number of Sauk Centre's 3,370 residents turned out for a flurry of affairs to mark the 100th birthday of the most famous person ever to leave here. "If Red was here," said Al Tingley, handing out cake in his old hotel, the Palmer House, "he'd write about this. Red's roots are here."

The fifth-graders had colored paper place mats for Thursday night's birthday dinner. Sauk Centre's girls had entered a Sinclair Lewis cake-baking contest (Patty Neal won). Mary Hanson was busy showing people through the restored Lewis home across the street from her place.

Birthday signs were all over, and books about Red by local people. Also Sinclair Lewis centennial T-shirts, mugs, crystal balls and baseball caps. And even a new 14-cent Sinclair Lewis postage stamp, although its first use had to be postponed until next month because of the printing crush for the new 22-cent stamp.

Joyce Lyng was so busy out at the Lewis visitors' center by 1-94

that she forgot Friday was the fourth anniversary of her husband's death. According to the schedule, the center is open from 10 A.M. until 2 P.M. weekdays. But Mrs. Lyng regularly stays until 4:30 in case someone stops by and wants to learn about Sinclair Lewis and chat with her. "I live alone," she explained.

Her four children have all left Sauk Centre for lives elsewhere as a dentist, a teacher, a nurse and a student. So Mrs. Lyng concentrates her attention on the deceased author whose precise descriptions of small-town stereotypes turned a harsh but best-selling mirror on American society. "Look at those eyes of his," she observed. "He was a lonely guy. No wonder he was a writer."

"He deserves more attention than he gets now," said Professor Michael Connaughton, who ran a Lewis conference at nearby St. Cloud State University. "His examination of change in women's roles and society's eagerness to conform are very timely today."

The author's literary standing has dwindled somewhat. He is seen now as less of a stylistic experimenter and more of a realistic chronicler. "He was an American Dickens," said Connaughton. "Sinclair Lewis's pool was very deep but a fairly small one."

Locally, Lewis books do not excite students in the video generation. "They are turned off by the thin plots," said Mary K. Mayer, a who has taught about the books in high school for many years. "They don't have TV plots and action so the kids get bored."

Sometimes the books are not even taught here. "Sinclair Lewis lives on in a group of people for whom he is a very real and a very living person," she said. "But for most people in town, Sinclair Lewis is from the past as part of our tourist attraction."

She thought, too, that the town — any small Middle Western town, really — had changed over the years. They still retain a sense of comprehensible community, with all its joys and pettiness, too, she said. But the isolation and provincialism of the early 1900s, when a dictatorial father and teasing schoolmates mercilessly chided an awkward Red Lewis, has dissolved in the glare of technology. Sauk Centre's 72-page telephone book, for example, has only 19 pages of numbers; the rest are instructions and advertisements.

Residents are but a two-hour drive from the attractions of Minneapolis-St. Paul, or just a flick of the wrist away from the world. Indeed, Thursday night, as Leon Schmitz and Denny Krick scooped sour cream on their baked potatoes, they watched news of terrorism half a world away and discussed Lebanon briefly.

Then when the state news came on the big screen in the hotel, they turned up the volume for the filmed interviews of themselves that were transmitted to the Twin Cities from a truck outside the front door.

Denny Krick thought nothing of it. He owns the Audio Hut and has sold 30 television satellite dishes recently to farm families, mostly elderly, who can now tune in 106 channels from Central America to the North Pole. A nearby school uses a Mexico City channel for Spanish practice.

After dinner, everyone adjourned to City Hall for the Lewis bust unveiling, the cake-baking prizes, a talk by Postmaster Gary Hjerstad on commemorative stamps, Ida Compton's reminiscences on her friend Red and announcement of a \$1,000 short story writing contest by the Sinclair Lewis Foundation.

As a result of the evening gathering, business was off a little at the Main Street Theater showing "Pinocchio" at 7:30 and "The Terminator" at 9:30. All the stores on the main street were closed — Evelyn's Beauty Salon, Strauss Clothing, Al's Barber Shop and Waldoch's Jewelry, which doesn't need to empty its display windows each night.

On the edge of town at the end of Sinclair Lewis Avenue, a full moon

'Dynasty' Dolls Wear Real Minks, Diamonds

The Associated Press — NEW YORK — The 82d annual American International Toy Fair opened Monday, featuring a Barbie doll in a business suit designed by Oscar de la Renta and — at \$10,000 each — doll characters from the "Dynasty" television series in real mink coats and diamonds.

The Cabbage Patch twins at \$80 a pair are also featured. Coleco Industries Inc., which makes the dolls, also plans a raft of accessories including Cabbage Patch pets. Cabbage Patch accounted for \$500 million of Coleco sales last year.

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Sinclair Lewis

shone on the frozen, white landscape. The Greenwood Cemetery gates were partly closed. And a dry snow covered all the graves.

On the third row, in the sixth grave from the road was a little headstone laid flush with the hard

ground. The simple stone had been covered with snow, too, until that morning. But the television crews brushed it off to get a better picture to send to the world on the satellite from the big truck parked on the original Main Street.

The Home as a 'Theater of Hospitality'

By John Russell

New York Times Service

NEW YORK — I have at home a new book that is shaping up as the enemy of sociability. It is not that it preaches rudeness, or parsimony, or the use of horse fat in toasted sandwiches. If anything, it speaks up for flawless housekeeping and an atmosphere of nonstop happiness. But what happens is this. People come into the house, they see this book on the table, they open it at the first of its 408 heavily illustrated pages, and for the rest of the day neither meat, nor drink nor sensational news can reclaim their attention. They are lost to us, the way Lewis Carroll's Alice was lost when she stepped through the looking-glass.

The book is "Authentic Decor: The Domestic Interior 1620-1920." Its author is Peter Thornton, who is in his 20th year as keeper of the Victoria and Albert Museum's Department of Furniture and Woodwork. If that suggests to you a life spent authenticating deep-buttoned sofas, on the one hand, and single-handedly fighting the deathwatch beetle, on the other, your vision of Thornton is correct, but incomplete. He does indeed know all that there is to know about valance and fireproof, daybed and dodo. But he is above all a student of the human comedy who knows that every interior is a portrait of its owner — and a more truthful one, as often as not, than is usually set down either on canvas or in print.

Published in the United States by Viking at \$125 and in Britain by Weidenfeld and Nicholson at £50, his book is not cheap. But with its 532 precisely annotated illustrations, most of which are in color, it is not expensive, either. It is the result of many years of research in England, France, the Netherlands, Germany, Italy and the Scandinavian countries. Thornton has been everywhere, looked at everything and talked to everyone. Among the artists represented, some are in the standard histories of art — the French 17th-century painter Simon Vouet, for instance,

the Dutch 17th-century painter Emanuel de Witte, the American 19th-century painter Eastman Johnson and Edward Gaertner, the incomparable portraitist of 19th-century Berlin. There are major architects, too, and a long roster of minor but hugely gifted practitioners such as Georges Lepape, the anatomist of French fashions who knew how to distill the eternal from the transitory in Paris before 1914, together with many individual designers who excelled in the collective activity of making a living space that as near as possible touched perfection.

But this is not "an art book" in which the quality of painting and drawing is paramount. Fundamentally it is a record, a documentation, a history, in which amateur artists, careful journeymen and tradesmen on the make all have something to contribute. In the illustrations, as in Thornton's consistently amusing and instructive text, there is set before us a world in which people had time to live, and space to live in, and the opportunity to express themselves completely in their houses.

Some of the interiors had all the luxury that money could buy. The interiors of Launce, the former country palace of the Lubomirski family in Poland, are not pretentious, but they speak for private fortunes on a scale that would be very hard to parallel today. The same is true of the Stroganoff palace in St. Petersburg as it is shown in this book. (The year was 1793.) Likewise the picture gallery in the castle in Prague in 1702 has an undeniably imperial look.

But this is not primarily a book about the rich and the grand. Some of those who were both rich and grand are, in fact, shown very much in their old-shoe moments. Queen Victoria was never exactly in flight from her creditors, but when she went to Scotland in the days of her brief and blissful marriage she lived no better than many thousands of her subjects — and less well, quite certainly, than many of the prosperous tradespeople and minor officials whose interiors find a place in "Authentic Decor."

Among the plates are many that bear out

what Sir Henry Wotton wrote in 1624 in his "Elements of Architecture." (Thornton uses the passage as the epigraph.) Every man's house, Wotton said, was "the theater of his hospitality, the seat of self-fruition, the comfortablest part of his own life, the noblest of his son's inheritance, a kind of private principedom, and an epitome of the whole world." Thornton makes that point in relation to a Philadelphia bishop, a field-marshal living in retirement in Silesia, the diarist Samuel Pepys in his library in London, a Parisian drawing-room in which science was all the rage in the 1690s, a "ruin room" designed by the painter J. L. Cloussier in Rome in the 1760s, a naval drawing office in Copenhagen, the house of a customs official in Hamlet's Elsinore, a linen cupboard in Danzig, the house of Edith Wharton's mother in late 19th-century New York, and the apparition of Viennese "modern style" in Bucharest in 1913.

If the nouveau riche, the high Bohemian and the interior decorator with his reputation to make begin to crowd in on us as Thornton nears his terminal date, every reader will have his favorite earlier period to which to turn for rest, refreshment and uncluttered spaces. To this enthusiast, it seems more and more as if the domestic arrangements that prevailed in the 1820s and 1830s were just about ideal. The spaces were right, the color was inventive and vivacious, the furniture never glowered, and there was in every least detail a sense of ease and proportion.

City dwellers who live in tortured spaces and have to contend with maintenance that doesn't maintain and facilities that rarely facilitate may well be fascinated, as they invariably are, by this book. For what is it if not a time machine that makes every local stop and never makes us wish that it would go faster? And somewhere along the line we are likely to decide that in the matter of the space in which perhaps half of our life is spent, history has not treated us right and Wotton's "theater of hospitality" has gone dark.

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American Topics a careful selection of topical items for those who want to keep up with U.S. trends and currents, now appears on Monday and Saturday.

Hebe Dorsey covers **Fashion** — and the people who make it — each Tuesday.

Wednesday features Insights, a full page of thought-provoking articles that put the news into perspective. Plus **Rob Hughes on Soccer**, as well as **Business People**, also published on Friday.

The Science page, which appears each Thursday, tracks the latest breakthroughs and discoveries.

Weekend, a sparkling leisure and travel section, brightens up Friday's paper. And Saturday's **Arts and Leisure** page brings authoritative fine arts coverage from the art capitals of the world.

On the back page, the ever popular **Art Buchwald** (Tuesday, Thursday and Saturday) alternates with Pulitzer Prize-winners **Russell Baker** (Wednesday and Friday) and linguist **William Safire** (Monday).

Every day of the week also brings a special column of interest to the business community. **Carl Gewirtz on Eurobonds**, **Futures and Options**, **Sherry Buchanan** writing for **The International Manager**, **Ed Rohrbach's Wall Street Watch**, **Technology**, **The Economic Scene** by **Leonard Silk**.

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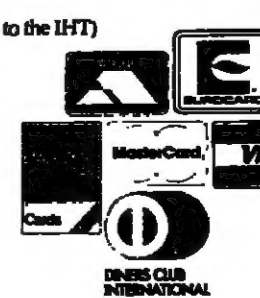
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Vol.	High	Low	Last	Chg.
Unocal	30 1/2	29 1/2	29 1/2	+1 1/2
IBM	120 1/2	119 1/2	119 1/2	+1 1/2
AT&T	100 1/2	99 1/2	99 1/2	+1 1/2
IBM	120 1/2	119 1/2	119 1/2	+1 1/2
AT&T	100 1/2	99 1/2	99 1/2	+1 1/2
IBM	120 1/2	119 1/2	119 1/2	+1 1/2
AT&T	100 1/2	99 1/2	99 1/2	+1 1/2
IBM	120 1/2	119 1/2	119 1/2	+1 1/2
AT&T	100 1/2	99 1/2	99 1/2	+1 1/2

Dow Jones Averages				
Open	High	Low	Last	Chg.
Index	287.97	287.14	286.64	-1.33
Indus	137.97	137.14	136.64	-1.33
Trans	149.97	149.14	148.64	-1.33
Util	149.97	149.14	148.64	-1.33
Comp	149.97	149.14	148.64	-1.33

NYSE Index				
High	Low	Close	Today	3 P.M.
184.41	183.15	183.39	183.39	183.39
184.41	183.15	183.39	183.39	183.39
184.41	183.15	183.39	183.39	183.39
184.41	183.15	183.39	183.39	183.39

NYSE Closing				
Vol.	High	Low	Last	Chg.
120 1/2	119 1/2	118 1/2	118 1/2	+1 1/2
100 1/2	99 1/2	98 1/2	98 1/2	+1 1/2
120 1/2	119 1/2	118 1/2	118 1/2	+1 1/2
100 1/2	99 1/2	98 1/2	98 1/2	+1 1/2

AMEX Diaries				
Case	Prev.	Close	Today	3 P.M.
Advanced	229	223	223	223
Declined	229	223	223	223
Unchanged	229	223	223	223
Total Issues	229	223	223	223
New Issues	229	223	223	223

NASDAQ Index				
Week	Year	Month	Day	Chg.
286.35	287.09	287.43	287.43	287.43
286.35	287.09	287.43	287.43	287.43
286.35	287.09	287.43	287.43	287.43
286.35	287.09	287.43	287.43	287.43

AMEX Most Active				
Vol.	High	Low	Last	Chg.
Donner	100 1/2	99 1/2	99 1/2	+1 1/2
IBM	120 1/2	119 1/2	119 1/2	+1 1/2
AT&T	100 1/2	99 1/2	99 1/2	+1 1/2
IBM	120 1/2	119 1/2	119 1/2	+1 1/2
AT&T	100 1/2	99 1/2	99 1/2	+1 1/2

NYSE Diaries				
Case	Prev.	Close	Today	3 P.M.
Advanced	229	223	223	223
Declined	229	223	223	223
Unchanged	229	223	223	223
Total Issues	229	223	223	223
New Issues	229	223	223	223

Odd-Lot Trading in N.Y.				
Buy	Sell	Today	3 P.M.	Chg.
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223

Standard & Poor's Index				
High	Low	Close	Today	3 P.M.
204.84	203.14	203.14	203.14	203.14
204.84	203.14	203.14	203.14	203.14
204.84	203.14	203.14	203.14	203.14
204.84	203.14	203.14	203.14	203.14

Dow Jones Bond Averages				
Prev.	Close	Today	3 P.M.	Chg.
71.99	71.99	71.99	71.99	71.99
71.99	71.99	71.99	71.99	71.99
71.99	71.99	71.99	71.99	71.99
71.99	71.99	71.99	71.99	71.99

AMEX Stock Index				
High	Low	Close	Today	3 P.M.
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223

Market Hit By Profit-Taking

United Press International
NEW YORK — Prices on the New York Stock Exchange were sharply lower in active trading late Monday as profit-takers moved in after five weeks of gains.
 The Dow Jones industrial average was down 15.24 to 1,274.73 an hour before the close. The Dow gained 12.25 last week.
 Declines led advances by a 2-1 ratio. The five-

hour turnover was \$7.1 million shares, compared with \$8.1 million in the corresponding period Friday.
 Hugh Johnson of First Albany Corp. in Albany, N.Y., said the market advance had become "labored" in the past week and finally buckled.
 He said concern over the possibility of interest rates heading higher had re-emerged.
 "Federal Reserve Chairman Paul Volcker has been sending loud and clear signals that excessive growth in the money supply is not going to be tolerated," Mr. Johnson said.
 He said investors had to ponder the possibility of a slower economy with pressure on corporate profits in the second and third quarters.
 Dudley Eppel of Donaldson, Lufkin & Jenrette said the sell-off was "not violent" and did not reflect any changes in fundamentals. He said the profit-taking was healthy for the market and not likely to last more than a session or two.

Eppel said some investors may have been concerned by reports that interest rates could be about to rise after trending downward for several months.
 On the floor, Unocal was near the top of the active list and higher. The stock had fluctuated in recent weeks with gains coming on takeover rumors.
 IBM was sharply lower on heavy volume. Some Wall Street analysts said they were looking for first-quarter results to be about even with the 1984 first quarter.
 Eastman Kodak was sharply lower at midday after reporting fourth-quarter net of \$1.32 per share vs. 70 cents in the like period a year earlier. The company said earnings will not grow as fast in 1985.
 General Motors, Ford and Chrysler all lost ground. A newspaper article said some analysts believe it is possible that import restrictions on Japanese cars, due to expire March 31, could be relaxed. Also, a Federal agency has urged GM to recall about 1.8 million cars to check for brake problems.
 Oil issues declined, with Exxon, Mobil, Phillips, Sun Co. and Texaco all lower at midday. Rockwell International was off a fraction on heavy volume. The company announced an agreement for its printing presses to be manufactured and distributed in China. A block of 300,000 Rockwell shares crossed the tape at 35.
 U.S. Gypsum and National Gypsum were lower at mid-session. A magazine article discussed legal problems the companies might face because of asbestos building products.

NYSE Most Active				
Vol.	High	Low	Last	Chg.
Unocal	30 1/2	29 1/2	29 1/2	+1 1/2
IBM	120 1/2	119 1/2	119 1/2	+1 1/2
AT&T	100 1/2	99 1/2	99 1/2	+1 1/2
IBM	120 1/2	119 1/2	119 1/2	+1 1/2
AT&T	100 1/2	99 1/2	99 1/2	+1 1/2

AMEX Diaries				
Case	Prev.	Close	Today	3 P.M.
Advanced	229	223	223	223
Declined	229	223	223	223
Unchanged	229	223	223	223
Total Issues	229	223	223	223
New Issues	229	223	223	223

NASDAQ Index				
Week	Year	Month	Day	Chg.
286.35	287.09	287.43	287.43	287.43
286.35	287.09	287.43	287.43	287.43
286.35	287.09	287.43	287.43	287.43
286.35	287.09	287.43	287.43	287.43

AMEX Most Active				
Vol.	High	Low	Last	Chg.
Donner	100 1/2	99 1/2	99 1/2	+1 1/2
IBM	120 1/2	119 1/2	119 1/2	+1 1/2
AT&T	100 1/2	99 1/2	99 1/2	+1 1/2
IBM	120 1/2	119 1/2	119 1/2	+1 1/2
AT&T	100 1/2	99 1/2	99 1/2	+1 1/2

Dow Jones Bond Averages				
Prev.	Close	Today	3 P.M.	Chg.
71.99	71.99	71.99	71.99	71.99
71.99	71.99	71.99	71.99	71.99
71.99	71.99	71.99	71.99	71.99
71.99	71.99	71.99	71.99	71.99

AMEX Stock Index				
High	Low	Close	Today	3 P.M.
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223

NYSE Diaries				
Case	Prev.	Close	Today	3 P.M.
Advanced	229	223	223	223
Declined	229	223	223	223
Unchanged	229	223	223	223
Total Issues	229	223	223	223
New Issues	229	223	223	223

Odd-Lot Trading in N.Y.				
Buy	Sell	Today	3 P.M.	Chg.
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223

Standard & Poor's Index				
High	Low	Close	Today	3 P.M.
204.84	203.14	203.14	203.14	203.14
204.84	203.14	203.14	203.14	203.14
204.84	203.14	203.14	203.14	203.14
204.84	203.14	203.14	203.14	203.14

Dow Jones Bond Averages				
Prev.	Close	Today	3 P.M.	Chg.
71.99	71.99	71.99	71.99	71.99
71.99	71.99	71.99	71.99	71.99
71.99	71.99	71.99	71.99	71.99
71.99	71.99	71.99	71.99	71.99

AMEX Stock Index				
High	Low	Close	Today	3 P.M.
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223

NYSE Diaries				
Case	Prev.	Close	Today	3 P.M.
Advanced	229	223	223	223
Declined	229	223	223	223
Unchanged	229	223	223	223
Total Issues	229	223	223	223
New Issues	229	223	223	223

Odd-Lot Trading in N.Y.				
Buy	Sell	Today	3 P.M.	Chg.
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223

Standard & Poor's Index				
High	Low	Close	Today	3 P.M.
204.84	203.14	203.14	203.14	203.14
204.84	203.14	203.14	203.14	203.14
204.84	203.14	203.14	203.14	203.14
204.84	203.14	203.14	203.14	203.14

Dow Jones Bond Averages				
Prev.	Close	Today	3 P.M.	Chg.
71.99	71.99	71.99	71.99	71.99
71.99	71.99	71.99	71.99	71.99
71.99	71.99	71.99	71.99	71.99
71.99	71.99	71.99	71.99	71.99

AMEX Stock Index				
High	Low	Close	Today	3 P.M.
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223

NYSE Diaries				
Case	Prev.	Close	Today	3 P.M.
Advanced	229	223	223	223
Declined	229	223	223	223
Unchanged	229	223	223	223
Total Issues	229	223	223	223
New Issues	229	223	223	223

Odd-Lot Trading in N.Y.				
Buy	Sell	Today	3 P.M.	Chg.
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223
229	223	223	223	223

Standard & Poor's Index				
High	Low	Close	Today	3 P.M.
204.84	203.14	203.14	203.14	203.14
204.84	203.14	203.14	203.14	203.14
204.84	203.14	203.14	203.14	203.14
204.84	203.14	203.14	203.14	203.14

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||
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Statistics Index

AMEX prices P.13
NYSE prices P.13
NYSE futures P.13
NYSE interest rates P.9
Commodity prices P.13
Currency rates P.9
Dividends P.13
Other markets P.13

TUESDAY, FEBRUARY 12, 1985

FUTURES AND OPTIONS

Mocatta's New Instrument:
Option on an Option-Option

By H.J. MAIDENBERG
New York Times Service

THERE are options on futures, options that are settled in cash when they expire, but will options on options be the next wave of financial products to confuse traders and brokers?

An option, of course, is a unilateral contract that affords the buyer the right, without any obligation, to buy (call) or sell (put) the underlying commodity or financial instrument at a fixed price within a specified period of time. The option's cost is called the premium.

Mocatta's device lets mortgage lenders buy an option to buy an option on an option.

But why the need for options on Ginnie Mae options, especially when the Chicago Board of Trade will soon be introducing an option on its Ginnie Mae futures?

"Because interest-rate volatility in recent years has played havoc with mortgage lenders, investors and those who package Ginnie Maes," said Melvin R. Mullin, manager of financial-instrument trading at Mocatta. "The same volatility has discouraged many in the industry from using futures for hedging exposure, a situation that is unlikely to change after the introduction of options on Ginnie Mae futures."

The reason, Mr. Mullin said, lies in the peculiar nature of the mortgage-packaging industry. What happens in this business is that mortgage lenders put together packages of mortgages in amounts from \$100,000 and up and exchange them for Government National Mortgage Association certificates. The resulting Ginnie Maes, which are fully backed by the government, are then sold to investors.

The result is that the banks that originate the mortgages need not hold them, although most continue to service, for a fee, the monthly payments made by homeowners. This makes the banks, which traditionally borrow short-term funds from depositors in order to make long-term loans, more willing to make mortgage loans, despite the uncertainty of interest rates.

WHEN the government sells these pools of mortgages to investors through brokers and other financial institutions, the funds received enable it to buy more mortgages from the banks.

"But it often takes months to package mortgages, which may carry various interest rates, at a time when the whole rate structure may be rising or falling," Mr. Mullin noted. "Many mortgage packagers try to avoid this problem by in effect buying put options from financial institutions who offer custom-tailored options in what has become a large informal market created for this purpose."

By buying a put, the packager can protect his mortgages against a drop in their value should interest rates rise. But the premium on these options can be expensive and eat into the slim profit margins of the packager, he continued, "particularly when the risk being thus insured does not materialize."

This is where Mocatta's "installment option" comes in. It offers packagers and others in the high-stakes mortgage industry an option to buy a Ginnie Mae option on an option "at a fraction

(Continued on Page 13, Col. 5)

Pickens
Assails
Phillips

Group Opposes
Rights Offering

Reuters

AMARILLO, Texas — T. Boone Pickens' investment group, Mesa Partners, announced Monday that it opposes the rights offering that Phillips Petroleum Co. plans in an attempt to fight off hostile takeovers.

Mesa Partners, comprising affiliates of Mesa Petroleum Co. and of Wagner & Brown, ended its offer for Phillips stock late last year after the larger oil company agreed to a recapitalization package that is scheduled to be voted on by shareholders Feb. 22. The rights offering was a response to a subsequent takeover bid, by the New York investor Carl C. Icahn.

Mr. Pickens, who is Mesa Petroleum's president, said the rights offering was designed to entrench existing Phillips management and to block the Icahn tender offer.

Mesa Partners regrets that Phillips' board has complicated the issues to be voted upon at the Feb. 22 special meeting by adopting a poison pill, which continues to effect if the shareholders do not approve the recapitalization plan, Mr. Pickens said.

After Icahn Capital Corp. offered earlier this month to pay \$27.50 in cash and \$27.50 in subordinated notes for each Phillips share, the company's board said it would distribute note-purchase rights Feb. 18 entitling a Phillips shareholder to exchange one common share for a one-year note redeemable at \$62 a share and bearing 15-percent interest.

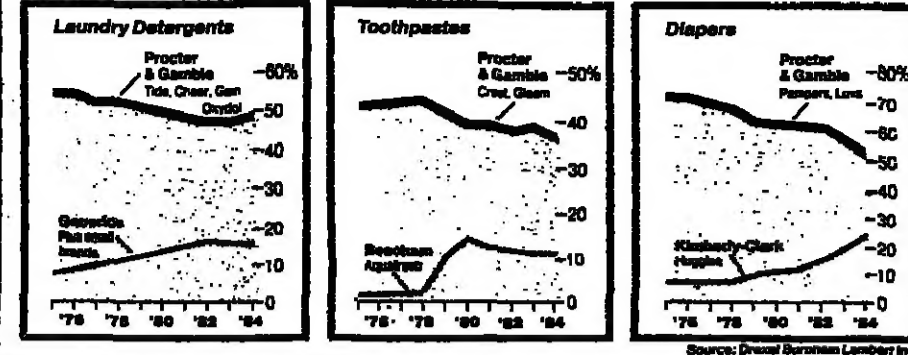
The rights could not be exercised, however, unless an outsider acquired 30 percent of Phillips' stock, nor if the 30-percent holder acquired the remaining shares for at least \$62 a share.

Following Phillips' announcement of the rights offering last week, Mr. Icahn withdrew his offer for all of Phillips' stock and said he would make a conditional offer of \$57 a share for 25 percent of the stock, which would bring Mr. Icahn's holding in Phillips to about 30 percent.

It is widely assumed that he is trying to test Phillips' so-called "poison pill" defense.

Three Key Areas in Which a Master Marketer Has Stumbled

52-week average national market shares for laundry detergents, toothpastes and disposable diapers. Procter & Gamble's share is estimated with that of a critical competitor.



Procter & Gamble: A Giant Wakes
New Products, Tactics
Are Praised by Analysts

By Steven Greenhouse
New York Times Service

CINCINNATI — Procter & Gamble, it is often said, resembles the long-slumbering giant of legend who wakes to discover the world has changed.

The 148-year-old consumer goods giant was first to market with a synthetic detergent (Tide), with a disposable diaper (Pampers), with a toothpaste approved by the American Dental Association (Crest). But a few years back, analysts say, the Colossus of Cincinnati became tired and flabby.

"In the past, Procter lived off cash cows like Tide and Pampers," said Robert W. Back, an analyst with Chicago-based Rodman & Renshaw Inc. "People couldn't touch them because they had such market dominance. As a result, they lay back on their laurels. Eventually, Procter got blindsided in 100 different ways."

Competitors armed with fresh technologies and sophisticated marketing techniques began eating away at P&G's share of such lucrative markets as detergents and disposable diapers. To make matters worse, these markets, and others that P&G invented, have matured to the point where growth is barely perceptible.

P&G, which had revenue of \$13 billion in its most recent fiscal year, is still the undisputed leader in most of its markets. But its growth has been braked in the very product lines that traditionally yielded the company's fattest profit margins. Sales in its vital laundry and cleaning products division, which represents almost two-thirds of its revenue, have grown only 1 percent a year since 1981.

The numbers finally shook P&G out of its slumber. A little over a year ago the company launched a promotional campaign, estimated at \$400 million, to introduce six major products: Liquid Tide detergent, Citrus Hill orange juice, Duncan Hines cookies, Ivory shampoo and conditioner, Always sanitary napkins, and Encaprin, a coated, time-release aspirin for arthritis.

P&G rolled out several of these products nationwide in a matter of months, eschewing the leisurely test-marketing it once considered de rigueur. Though a few have run into trouble, others, especially Liquid Tide, look promising.

P&G is also promoting some of its older prod-



A potpourri of P&G products.

ucts. The company announced last month that it would invest more than \$500 million to produce an improved Pampers in its deal with Kimberly-Clark Corp. in the highly profitable disposable diaper market.

"We are interested in getting results on a more rapid timetable in response to more aggressive competition," said Thomas Laco, a vice chairman of P&G. "I think we're moving a little faster."

Some analysts apparently think so, too. "What they've done in the last two years in terms of introducing new products has been extraordinary and exemplary," said Hercules A. Sgales, a former P&G executive who now is a vice president with Drexel Burnham Lambert Inc.

John G. Smale, 57, the chief executive officer who spearheaded much of the company's new approach to product introductions, declined to be interviewed. But Mr. Laco and other company officials insist that P&G is operating from a position of strength, not weakness. Otherwise, they say, the company would not be challenging such heavyweights as Unilever, Coca-Cola, Nabisco and Johnson & Johnson.

Still, the flurry of new products comes at a high price. Late last month P&G reported one of its worst quarters in years. Its earnings dropped 36 percent to \$136 million, from \$214 million a year earlier. Next summer the company is expected to

(Continued on Page 11, Col. 1)

Britain Blocks
Plan to Import
Norwegian Gas

Reuters

LONDON — The British government blocked on Monday a \$25-billion plan to import Norwegian gas, saying the country's needs could be met from its own North Sea reserves well into the next decade.

The plan to buy gas from the Sleipner field on the Norwegian side of the North Sea was proposed two years ago by the state-owned British Gas Corp., which argued that Britain would be short of supplies by the early 1990s.

Peter Walker, the energy secretary, told Parliament that the plan was unnecessary because latest forecasts showed that new gas fields opening up in British waters would be able to bridge any shortage.

In Oslo, Prime Minister Kaare Willoch of Norway called the rejection "extremely regrettable."

He said in an interview that the British government had taken "longer than anyone should have to wait" before reaching a decision on the plan, which would have been the largest overseas contract for both nations.

Talks between teams for British Gas and a group of oil companies operating in Norway lasted for almost two years and agreement had been reached last year.

Mr. Willoch said the rejection would have a serious effect on the Norwegian economy, which relies heavily on income from offshore oil and gas fields.

If the plan had been approved, Norway would have exported about 180 billion cubic meters (6,357 billion cubic feet) of gas to Britain.

British opponents had argued that it would snuff out efforts to tap smaller gas fields in the British sector of the North Sea.

They also said the plan, intended to cover about 20 percent of Britain's gas needs, would be expensive. The agreed price, based on forecasts of energy market levels several years away, was high and could be pushed higher by exchange fluctuations, they said.

The intended suppliers were Exxon Corp., Norsk Hydro A.S. and the Norwegian state oil company Statoil, which operates the field. A further factor weighing against

the plan was that the British government would not earn tax revenues from Sleipner gas as it does from Britain's North Sea oil and gas.

Mr. Walker told Parliament his decision was based on new forecasts of British supplies from current fields and others expected to come on stream in the future.

These showed an increase of 10 percent on previous estimates, indicating that Britain was likely to be self-sufficient well into the 1990s.

Apart from disappointing Norway, the decision may have wider implications as government sources in Norway have suggested that U.S. President Ronald Reagan favored the plan. He feared that Britain ran the risk of being forced to rely on Soviet gas supplies if it did not buy from Norway, they said.

The British rejection will have a considerable impact on Norwegian oil and gas development, according to energy analysts in Oslo. They said Norway had pinned its future gas-marketing policy on the sale of Sleipner gas to Britain, with the subsequent development of nearby gas fields.

Officials in the Petroleum and Energy Ministry in Oslo said Norway would now bring forward development of the second phase of the Gullfaks oil and gas field in the North Sea, although this would not bring as much investment as Sleipner.

Norway currently supplies one-third of Britain's gas from the Frigg field in the North Sea. Production from Frigg will begin to fall away at the end of the 1990s.

People Express
Reports Loss
In 4th Quarter

The Associated Press

NEWARK, N.J. — People Express Airlines, considered the successful prototype of the new, unregulated airline, said Monday that it had a loss of \$8.9 million in the fourth quarter, largely because of the cost of expanding to new cities. A year earlier, the company earned \$1.3 million, or 7 cents a share.

Revenue in the quarter nearly doubled, to \$168.4 million from \$88.8 million a year earlier, the Newark-based carrier said in a statement. For the full year, People said its profit fell 53.7 percent, to \$1.7 million from \$10.4 million in 1983.

On a per-share basis, after a provision for preferred dividends, the company had a loss of 18 cents for the year, compared with earnings per share of 57 cents last year.

Revenue rose to \$386.8 million in 1984 from \$286.6 million last year. Donald C. Burr, chairman and chief executive officer, said the airline's "disappointing results were due to the cumulative effects of the investments in 10 new cities since June of 1984."

Currency Rates

Late interbank rates on Feb. 11, excluding fees.

Official fixings for Amsterdam, Brussels, Frankfurt, Milan, Paris, New York rates at 2 P.M.

	\$	£	D.M.	F.F.	Y.F.	G.M.	N.F.	S.F.	Yen
Amsterdam	3.48	12.17	36.85	2.36	17.78	22.48	22.48	122.36	141.40
Brussels	46.37	22.35	28.57	4.57	12.81	22.48	22.48	122.36	141.40
Frankfurt	3.52	12.17	36.85	2.36	17.78	22.48	22.48	122.36	141.40
London	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Madrid	166.36	22.35	28.57	4.57	12.81	22.48	22.48	122.36	141.40
New York	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Paris	6.55	12.17	36.85	2.36	17.78	22.48	22.48	122.36	141.40
Porto	208.48	22.35	28.57	4.57	12.81	22.48	22.48	122.36	141.40
Tokyo	237.60	22.35	28.57	4.57	12.81	22.48	22.48	122.36	141.40

Dollar Values

	\$	£	D.M.	F.F.	Y.F.	G.M.	N.F.	S.F.	Yen
Swiss	1.48	12.17	36.85	2.36	17.78	22.48	22.48	122.36	141.40
Belgian	36.36	22.35	28.57	4.57	12.81	22.48	22.48	122.36	141.40
French	6.55	12.17	36.85	2.36	17.78	22.48	22.48	122.36	141.40
German	3.52	12.17	36.85	2.36	17.78	22.48	22.48	122.36	141.40
Italian	1.36	12.17	36.85	2.36	17.78	22.48	22.48	122.36	141.40
Japanese	237.60	22.35	28.57	4.57	12.81	22.48	22.48	122.36	141.40
Spanish	166.36	22.35	28.57	4.57	12.81	22.48	22.48	122.36	141.40
Swedish	136.76	22.35	28.57	4.57	12.81	22.48	22.48	122.36	141.40
U.S.	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Interest Rates

Eurocurrency Deposits

	1 m.	3 m.	6 m.	1 y.
1 m.	8 1/8 - 9 1/8	9 1/8 - 10 1/8	10 1/8 - 11 1/8	11 1/8 - 12 1/8
3 m.	9 1/8 - 10 1/8	10 1/8 - 11 1/8	11 1/8 - 12 1/8	12 1/8 - 13 1/8
6 m.	10 1/8 - 11 1/8	11 1/8 - 12 1/8	12 1/8 - 13 1/8	13 1/8 - 14 1/8
1 y.	11 1/8 - 12 1/8	12 1/8 - 13 1/8	13 1/8 - 14 1/8	14 1/8 - 15 1/8

Asian Dollar Rates

	1 m.	3 m.	6 m.	1 y.
1 m.	8 1/8 - 9 1/8	9 1/8 - 10 1/8	10 1/8 - 11 1/8	11 1/8 - 12 1/8
3 m.	9 1/8 - 10 1/8	10 1/8 - 11 1/8	11 1/8 - 12 1/8	12 1/8 - 13 1/8
6 m.	10 1/8 - 11 1/8	11 1/8 - 12 1/8	12 1/8 - 13 1/8	13 1/8 - 14 1/8
1 y.	11 1/8 - 12 1/8	12 1/8 - 13 1/8	13 1/8 - 14 1/8	14 1/8 - 15 1/8

Key Money Rates

	Close	Prev.	Britain	Close	Prev.
Discount Rate	8 1/8	8 1/8	Bank Rate	14	14
Federal Funds	10 1/8	10 1/8	Call Money	12	12
Prime Rate	10 1/8	10 1/8	91-day Treasury Bill	12 1/8	12 1/8
Brother Loan Rate	9 1/8 - 10 1/8	9 1/8 - 10 1/8	3-month Interbank	12 1/8	12 1/8
Comm. Paper, 30-179 days	8 1/8 - 8 3/4	8 1/8 - 8 3/4	Japan		
3-month Treasury Bill	8 1/8	8 1/8	Discount Rate	5	5
6-month Treasury Bill	8 1/8	8 1/8	Call Money	5 1/4	5 1/4
CDs, 28-day	8 1/8	8 1/8	91-day Interbank	5 1/4	5 1/4
CDs, 60-day	8 1/8	8 1/8			

West Germany

	Close	Prev.
Lombard Rate	4.00	4.00
Overnight Rate	4.10	4.10
One Month Interbank	4.25	4.25
3-month Interbank	4.25	4.25
6-month Interbank	4.25	4.25

France

	Close	Prev.
Interbank Rate	10 1/8	10 1/8
Call Money	10 1/8	10 1/8
One-month Interbank	10 1/8	10 1/8
3-month Interbank	10 1/8	10 1/8
6-month Interbank	10 1/8	10 1/8

Sources: Reuters, Commercial, Credit Lyonnais, Lloyds Bank, Bank of Tokyo.

Markets Closed

Because of a partial bank holiday in the United States, there will be no foreign-exchange or government-bond trading Tuesday in New York. The Tokyo Stock Exchange was closed Monday for a holiday.

New Emergency Measures Presage More Austerity in Mexico

By Richard J. Meislin
New York Times Service

MEXICO CITY — Mexico, sensing "negative tendencies" in its financial situation, is taking a series of emergency measures to keep the hard-fought gains of its economic-recovery program from unraveling.

The actions are viewed by economists here as an encouraging sign that President Miguel de la Madrid Hurtado hopes to withstand the political pressures that had led recent predecessors to begin loosening the economic reins in their third year of office. But the actions also raise the specter of slower economic recovery and continued austerity for the Mexican people, who are weary of, and increasingly angry about, the drop in living standards brought by the economic crisis.

"Three years in the life of a country is a short time," Francisco Labastida Ochoa, the secretary of energy, mines and parastatal industries, said of the continuing austerity program. "It is painful and bitter while you are living it, but it is much more grave not to correct it."

Faced with a softening market for oil and the prospect of higher interest rates on Mexico's foreign debt later this year, Mr. de la Madrid's administration has ordered \$465 million in additional federal budget cuts through a reduction in subsidies and investments, along with the sale, transfer or liquidation of 236 state-run companies and a partial freeze on new hiring. An announcement from the

president's office said the government would also "selectively but quickly" loosen restrictions on certain imports used in Mexican products in an effort to lower domestic costs, and would announce within the next month a new plan to increase non-petroleum exports.

Also the government, for the first time in recent years, has broken with the pricing and production policies of the Organization of Petroleum Exporting Countries. Mexico has set a new price of \$27.75 a barrel for its light Isthmus crude, 25 cents below the benchmark adopted by OPEC earlier this year, in the hope of winning new sales, particularly to Japan, France, Spain and Israel.

Such sales could become increasingly necessary if the U.S. government, as proposed in President Ronald Reagan's budget, quits purchasing 50,000 barrels of oil a day from Mexico for the Strategic Petroleum Reserve.

To offset the price cut, Mexico plans to gradually restore a production cut of 100,000 barrels a day that it had made last year in accord with OPEC's desire to stabilize prices by reducing supply. Although the \$1.25-a-barrel price cut will cost Mexico more than \$300 million during the next year, the additional production may bring in nearly \$1 billion, keeping revenues close to last year's \$1.5-billion level.

Mexican officials said the government's new budget had already taken into account the possibility of some rise in interest rates on Mexico's \$95-billion foreign debt

and a drop in the price of oil, which provides nearly 75 percent of export earnings and half the government's revenues.

But the new actions indicate a belief that conditions could become worse than originally thought, widening the federal deficit and spurring a new round of inflation.

Although the government has been unable to meet its goals, it has made considerable progress in reducing Mexico's inflation rate. From nearly 100 percent a year at the peak of the economic crisis in 1982, inflation slowed to 82 percent in 1983 and 60 percent last year. The target for this year is 35 percent, although many private economists express doubt that it can be achieved.

The public-sector deficit was reduced from 17.6 percent of the gross domestic product in 1982 to 6.9 percent last year. This fell short of the target of 5.5 percent but was still an advance. Gross domestic product is a measure of the total value of a nation's goods and services, excluding income from foreign investments.

Some of the government's moves are bound to provoke heated debate, particularly the disposal of state-owned companies. The country's largest union, the Mexican Workers Confederation, has already offered to buy 20 of them. But officials acknowledged that many of the state-owned companies are running enormous losses and are unlikely to find buyers and may be forced to close. That could

aggravate Mexico's already serious employment problem.

Mexico owns more than 900 companies, ranging from tortilla makers to Petróleos Mexicanos, the giant national oil monopoly. The government said that no priority industries would be sold, but it has not yet said which others would be. That announcement is expected in the next six weeks.

The government said the relaxation of import restrictions was intended to "avoid internal abuses from the overprotection existing in some economic sectors." This is likely to stir opposition from private companies in Mexico. Some products offer a combination of price and quality that could survive only in the absence of competition.

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / February, 1985



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Common Shares
(without nominal or par value)

Of the 3,600,000 shares, 2,400,000 shares are being offered initially by U.S. Underwriters and 1,200,000 shares are being offered initially by Canadian Underwriters.

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72 Months		100% Low		50% Low		100% High		50% High	
Year	Stock	Div.	Yld. Pct.	Year	Stock	Div.	Yld. Pct.	Year	Stock
1974	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1975	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1976	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1977	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1978	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1979	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1980	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1981	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1982	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1983	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1984	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1985	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1986	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1987	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1988	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1989	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1990	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1991	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1992	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1993	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1994	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8
1995	24	UnPoc	1.85	3.7	72	1484	4.8	187	4.8

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NEW LOWS 2
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Business

Dalgety Rose 6%

LONDON — Dalgety's share price rose 6% to 144p on Monday, following the announcement that the company had secured a £10 million loan from the Commonwealth Development Finance Corporation to finance a new £100 million expansion of its Dalgety House office building in London.

The company's earnings for the year ended Dec. 31, 1983, were £1.1 million, a 10% increase on the previous year, and the dividend was set at 10p per share.

The company reported a profit of £1.1 million for the year ended Dec. 31, 1983, compared with £1 million in 1982. The dividend was set at 10p per share, an increase from 9p in 1982.

China Approves Arab Bank

BEIJING — The Arab Bank Ltd. has received permission from the Chinese government to operate in China. The bank, which is based in London, will be the first foreign bank to be licensed to do business in the People's Republic of China.

The bank's operations in China will be limited to the provision of foreign exchange services and the handling of international payments. The bank will also be allowed to accept deposits from foreign companies and individuals.

Procter & Gamble

(Continued from Page 1)

Procter & Gamble's share price rose 1% to 144p on Monday, following the announcement that the company had secured a £10 million loan from the Commonwealth Development Finance Corporation to finance a new £100 million expansion of its Procter & Gamble House office building in London.

The company's earnings for the year ended Dec. 31, 1983, were £1.1 million, a 10% increase on the previous year, and the dividend was set at 10p per share.

Competition

Company	Share Price	Dividend	Yield
Britain			
Dalgety	144	10p	6.9%
Canada			
Can. Pacific	154	12p	7.8%
Du Pont Can.	154	12p	7.8%
MacMillan Bloedel	154	12p	7.8%
United States			
Champion Spark	154	12p	7.8%
Competition			
Cooper Tire	154	12p	7.8%

The South International Investment

BUSINESS ROUNDUP

Dalgety Reports Profit Rose 6% in First Half

LONDON — Dalgety PLC, reporting first-half pretax profit up 6 percent, said Monday that despite political and economic uncertainties, particularly with the European Community agricultural policy, it remained confident of a good year in fiscal 1985, which ends June 30.

The agribusiness and lumber company said its earnings in the six months through Dec. 31 rose to £33.2 million (\$36 million), compared with £31.3 million of the previous year, on sales of £2.03 billion, up 16 percent from the £1.75 billion in sales a year earlier.

The company reported trading profit of £47.9 million, up from £44.8 million a year earlier, including £24.9 million in Britain, against £24 million the previous year, and £10.1 million in Australia, almost double from £5.6 million a year earlier.

China Approves Arab Bank Unit

BEIJING — The Arab Bank Ltd., Jordan's largest commercial bank, has received permission to open a branch in one of China's coastal economic zones, the China Daily reported Monday.

Arab Bank is one of six foreign banks expected to be allowed to open branches in the special trading zones this year, the report said. It did not name the others. Abdulmajid Shoman, the chairman of Arab Bank, will visit China later this year to conclude arrangements, the English-language newspaper said.

Forty of the world's 50 largest banks have representative offices in China. Only four foreign banks operate branches — all in Shanghai. The newspaper said that the People's Bank of China, the nation's central bank, has authorized the establishment of 122 representative financial offices in China, including 69 banks and 10 insurance companies. They represent 18 countries.

AT&T to Offer Discount Plan on Long-Distance

WASHINGTON — American Telephone & Telegraph Co. said Monday that it planned to offer a 15-percent discount on interstate long-distance calls for frequent callers in return for a \$25 monthly fee.

AT&T said the new plan, to be called AT&T Pro America, would prove especially attractive to customers with long-distance bills of \$167 a month or more.

An AT&T vice president, John Smart, said at a news conference that the new discount was aimed at what are estimated to be 1 million business customers using long distance 15 to 50 hours a month. The 15 percent discount would apply regardless of time of day or day of the week and would be in addition to normal discounts for evening, nighttime and weekend calls.

AT&T plans to file with the Federal Communications Commission for approval to begin the plan March 29. The increased usage of long-distance calls stimulated by the discount will make the plan profitable for AT&T, Mr. Smart said.

AGA's Pretax Earnings Increased 23% in 1984

By Juris Kaza
International Herald Tribune

STOCKHOLM — AGA AB's 1984 earnings before taxes rose 23 percent to 720 million kronor (\$78.36 million) from \$85 million kronor in 1983, the Swedish industrial and gas-refrigeration group reported Monday.

In a preliminary annual report, AGA said that it had obtained permission from Sweden's Bank Inspection Board to increase its 1984 dividend to 11 kronor, from 10 kronor in 1983. There is a temporary freeze on corporate dividends.

Sales last year, AGA reported, rose 5.7 percent to 5.63 billion kronor from 5.323 billion kronor in 1983.

Sales of the largest division, industrial gases, rose 18 percent to 4.29 billion kronor from 3.59 billion kronor in 1983. Operating earnings of the division increased 17 percent to 680 million kronor from 582 million kronor.

Earnings per share of the AGA group were 33.50 kronor, up from 30 kronor in 1983.

Frigo Scania, AGA's refrigeration subsidiary, reported operating earnings up 30 percent to 131 million kronor from 101 million kronor in 1983. Sales were up 17 percent to 1.407 billion kronor from 1.204 billion kronor.

Brian Knox, a specialist in Scan-

dinavian shares at the London brokerage Grieson Grant & Co., called AGA's 1984 results "a satisfactory performance."

While the company did not make any 1985 forecasts in its preliminary report, Mr. Knox said he was expecting earnings per share to rise to between 37.50 kronor and 38.50 kronor.

AGA's preliminary earnings were somewhat higher than the 665 million kronor forecast in a newsletter last October by Richard Hagglof Fondkommission, a major Stockholm brokerage.

Mr. Knox said he was reserving judgment on AGA until a more detailed annual report is presented in late March.

"That's where you will see how they did on foreign exchange gains and losses," he said. "For a company like them, that's where the traps are."

AGA has industrial-gas operations in 22 countries. According to 1983 figures, 80 percent of its sales were outside Sweden.

AGA's preliminary 1984 report also said management was proposing a 1-for-1 stock split and a 1-for-2 stock dividend that would essentially result in three new shares for each old AGA share.

The nominal value of the shares would be reduced to 25 kronor from 50 kronor, AGA said.

Proposal to Acquire Conrail May Give Norfolk Dominance in the Northeast

By Agis Salpukas
New York Times Service

NEW YORK — For years, Robert Claytor, the chairman and chief executive of Norfolk Southern Corp., has been seeking ways to keep pace with his major rival, CSX Corp.

Now, with the announcement last Friday that Norfolk Southern has been selected by the secretary of transportation, Elizabeth Hanford Dole, as the successful bidder for Conrail, Mr. Claytor has an opportunity not only to keep pace but also to move ahead of CSX.

Mr. Claytor has long watched his rival gain ground on him. After the merger of Seaboard Coast Line with Chessie System in November 1980, the larger CSX system began to cut deeply into some of Norfolk's freight business. The merger gave the new railroad better access to new markets and enabled it to operate faster and more direct trains.

Even after Mr. Claytor brought about the merger of Norfolk & Western Railway and Southern Railway in the summer of 1982, creating a system of 18,000 miles of track and 38,000 employees, CSX, with 27,000 miles and 53,000 workers, was still able to gain traffic at the expense of its rival.

If Mr. Claytor and his staff can get congressional approval of the takeover of Conrail, it will be CSX that may have to play catch-up.

"One reason we want Conrail is that we want to be able to compete with CSX in the Northeast," Mr. Claytor said. "We can't now because our lines do not get into the Northeast. They don't go past Buffalo and Pittsburgh."

Conrail's 13,500 miles of track and 39,000 employees, some analysts believe, would give Norfolk Southern more than just the ability to compete, it would give it the chance to dominate in the Northeast.

"They could have control of the Eastern market," Mary De Sapio, a railroad analyst at Cardinal Capital

Transportation Inc., said in an interview. "Also the connections to the Midwest would be overwhelming."

The Staggers Act of 1980, which deregulated the railroads, promises additional help for the new combination. The act freed the carriers from many of the restrictions of the Interstate Commerce Commission and has given them greater freedom to set prices, bargain for long-term contracts with shippers and cut prices.

Australia Business Poll Foresees Steady Growth

MELBOURNE — Australia's business outlook is for steady but restrained growth in the current quarter, according to the quarterly business survey by National Australia Bank Ltd. and the Australian Chamber of Commerce, released Monday.

Respondents said they expected weak demand, labor costs and competitive pricing to restrain growth in the first quarter of 1985 after strong increases in sales and profits in the fourth quarter of 1984. The proportion expecting to increase capital spending in 1985 declined slightly but investment intentions were still well above the low of 1982-83, the survey said.

COMPANY NOTES

L'Oréal SA said consolidated group net for 1984 should rise about 10 percent from 1983's \$63.30 million francs (\$66.8 million), on consolidated sales up 16.9 percent to 15.8 billion francs. Profits were affected by the group's heavy spending on developing new cosmetics markets, on restructuring its biomedical activities and on pharmaceuticals research, it said.

Komatsu Ltd., the Japanese manufacturer of earth-moving and industrial equipment, announced it would open a plant in the United States and was completing negotiations for the purchase of a factory building in Chattanooga, Tennessee.

AEG-Telefunken AG's losses on a contract in Saudi Arabia do not mean the company must change its forecast for 1984, the company said. A spokesman said a figure for losses of 180 million Deutsche marks (\$35.4 million) cited in the magazine Der Spiegel was far too high. The contract had a value of a little under 90 million DM.

Falcon Resources PLC said the vendors of 2.58 million Falcon shares have now decided against selling the shares to Falcon Investments, which had announced agreement to buy them last November.

Texas Instruments Inc. said it started volume production of its 256K dynamic random-access-memory chip.

Honda Motor Co. plans to produce engines, and later automobiles, in Britain in order to gain unrestricted access to the EC, the Financial Times reported. It said Honda would start work next year at an undeveloped site that it bought last year at Swindon, in the Midlands.

General Motors Corp. said it will consolidate its service parts distribution network with a three-year, \$150-million project that will include the renovation of four facilities and the closure of seven in Baltimore, Buffalo and Belhage, New York; Newark and New Brunswick, New Jersey; and Pittsburgh.

Swiss Volksbank expects its balance sheet total to rise by nine or 10 percent in 1985 and earnings to increase again, it said. The bank has reported 1984 net of 75.0 million Swiss francs (\$27.1 million), up from 62.2 million in 1983. Its balance sheet rose to 22.5 billion Swiss francs from 20.6 billion.

Walt Disney Productions and Gibson Greetings Inc. said they reached agreement concerning the termination of their proposed merger. For exercising its right to

end the merger, Disney will pay Gibson \$7.5 million and other related expenses. The merger contract was signed in June 1984.

Megatest Corp. said it has started shipping its Megatest VLSI test system, which took 54 months and \$20 million to develop. It would not disclose the identity of its first customer.

Sandoz AG said it signed an agreement in principle to take over Martin Marietta Corp.'s subsidiary Master Builders, based in Cleveland. Sandoz said Master Builders had 1984 sales of around \$150 million. Sandoz disclosed no financial details, but said a final contract would be signed in around 60 days.

STOCK	BID US\$	ASK US\$
DeVoe-Holbein International Inc.	5	6
City-Clock International Inc.	2 3/4	3 1/4
Quotes as of: Feb. 11, 1985		

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Procter & Gamble: A Giant Wakes

(Continued from Page 9)

report its first annual earnings decline in more than 30 years.

Moreover, not all the new products have started out as rousing successes. "Encaprin is a total bomb," said Mr. Segalas of Drexel Burnham. "It was yesterday's technology to begin with. In some ways it violates P&G's own standards by not having a major point of differentiation from other products."

The Duncan Hines cookies have also fallen short of expectations. Some analysts said the cookies were not different enough from other brands, while P&G officials say the product got off to a fast start but was slowed by a rash of similar entries from Nabisco, Keebler and Frito-Lay.

Analysts also say Citrus Hill has not wowed consumers. It has faced aggressive discounting and other tactics from Beatrice Companies,

which owns Tropicana, and Coca-Cola, which owns Minute Maid.

But Ivory shampoo and conditioner are expected to bolster P&G's sales by about \$80 million this year. And Always has captured almost 20 percent of the market for feminine napkins — showing that its performance was not weighed down by memories of P&G's Rely tampons, which were taken off the market after being linked to toxic-shock syndrome.

Mr. Segalas estimated that the new products will add \$2 billion in annual sales for P&G by 1987. Jay H. Freedman, an analyst with Kidder, Peabody & Co., forecast that P&G's revenue would jump 10 percent, to \$15.4 billion, in fiscal 1986, and that earnings would be \$940 million in fiscal 1986, up from \$800 million in fiscal 1985 and \$890 million in fiscal 1984.

Liquid Tide is the new product for which P&G seems to hold out the most hope. This month the detergent is the focus of a \$50-million promotional campaign. P&G is trying to bump Unilever's Wisk from the No. 2 spot — after Tide powder — in the \$2.7-billion laundry detergent market.

P&G is in a world quite different from the one that existed when William Procter and James Galway founded the company in 1837 to make candles in a backyard factory. One of its first big hits was Ivory soap, introduced in 1879.

Other standbys include Crisco vegetable shortening, introduced in 1911; Camay soap, 1926; and Oxydol soap powder, 1927. By advertising heavily during radio melodramas in the 1930s, P&G helped coin the term "soap opera."

The company's advertising budget has swelled a good deal since then — to about \$1 billion this year. But P&G has learned that it takes more than big ad budgets to succeed.

For example, the company used to test products in regional markets for as much as three or four years. But while it tested Crest as a gel in Maine, Colgate-Palmolive rushed to test a gel in California and took it nationwide while P&G was still evaluating its Maine data.

P&G took Liquid Tide national in December after only nine months of test marketing. And it rushed Citrus Hill to the national market even though technology it had developed to improve flavor and to create low-calorie juice by using artificial sweetener was not in place for national distribution. The tactic worked: Citrus Hill has about 7 percent of the frozen concentrate market, making it a distant second to Minute Maid and about 12 percent of the chilled market, putting it second to Tropicana.

Supermarkets and pharmacies, tired of what many critics called P&G's arrogance, also taught the company some lessons. For decades P&G had a reputation for telling stores how it wanted its wares displayed and for limiting the availability of discounted items to stores that did not do what it wished. As a result, many supermarkets preferred dealing with P&G's competitors, and gave their products better display.

P&G officials say they are trying to change the company's high-handed reputation. They meet regularly with supermarket officials, and often assist supermarkets with sophisticated studies on what items produce the most sales per square foot of shelf space.

Strong financial links at home and abroad.

With combined assets of some US \$ 325 billion and approximately 37,000 offices, UNICO BANKING GROUP is one of the most extensive financial organizations in the world.

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UNICO BANKING GROUP

The Daily Source for International Investors.



Japanese Banks and Securities Firms Are Locked in Battle

By Susan Chira

New York Times Service

TOKYO — Japanese banks and securities houses, with deregulation toppling the barriers that once stood between them, are locked in a battle for turf.

One of their fiercest fights involves investment management, a fast-growing business that seeks as its eventual prize the faster-growing pool of Japanese pension funds. Securities houses have already established several such firms, and Japanese banks are trying to get permission to do so.

Meanwhile, foreign firms are close behind. Last month, Merrill Lynch & Co. became the first foreign brokerage to establish a separate investment-advisory subsidiary and Jardine Fleming Securities Ltd. signed a joint-venture agreement to operate such a firm with Yasuda Trust, a Japanese trust bank.

The new foreign firms join 13 other investment-management arms of Japan's major securities companies — and hundreds of other, smaller and often less scrupulous agencies that have sprung up to satisfy an increasingly interested clientele.

The Japanese were once content to deposit their savings in low-interest deposits that, in turn, fi-

nanced Japan's industrial growth, but now they are seeking higher returns. One measure of their new concern for returns was an autumn scandal here, in which as many as 20,000 investors lost about \$125 million by placing their money with a small investors service called the Toshiyama.

Japanese banks are eager to tap this enthusiasm. Now barred from establishing investment-management firms by an informal ruling of the Finance Ministry, they are lobbying for change. A government committee is studying the issue, and indications are that the ministry will relax.

Dai-ichi Kangyo Bank and Sumitomo Bank are but two of the large city banks that are looking into the investment-management business. Some banks are sending employees abroad to gain experience in a new field here, that of sophisticated asset management.

Behind the jockeying lie broad economic and demographic changes — the aging of Japanese society, the slowing of industrial growth and the increase in private wealth, according to Shigeo Shigenaga, director of the securities companies division of the Finance Ministry.

Perhaps the most important is the increase in elderly population,

which has created a pension fund of more than \$50 billion, expected to exceed \$300 billion by the 1990s. Bankers and brokers alike name pensions as the driving force behind their expansion into the investment-advisory business.

Pension management is now limited to a small number of trust banks, which are separate from Japan's large city banks. In the spring, however, eight foreign banks will be allowed to enter the Japanese trust-banking business, even though most Japanese banks and brokers cannot. In the last two months, several major foreign banks, including Manufacturers Hanover Trust, have discussed trust banking joint ventures with Japanese banks.

Pressure is therefore building to open the door to brokers and non-trust banks. The current investment-management firms are, in essence, training a new breed of financial manager to be ready when that time comes.

The field is relatively new in Japan — the first securities company to establish an investment fund, Daiwa Securities, did so 13 years ago. And because Japanese clients have generally preferred conservative investments, for example in government securities, money managers have not generally been

exposed to the range of sophisticated investment strategies used in the United States.

"Few people understand the relationship between high risk and high returns," said an economist for one large city bank who asked to remain unidentified. "Most people think — no risk, high returns."

That attitude complicates the entry of bankers into the field because banks here have billed themselves as trustworthy guardians of people's money, he said, and a loss for a client could shatter that relationship.

But banks are persevering, nonetheless. Yuraka Noriuchi, deputy general manager of the Dai-ichi Kangyo Bank's Treasury and Securities division, said the bank was considering several ways to enter the investment-management business.

"We are Japan's biggest institutional investor, with 100 years of experience," he said. "But we don't have experience managing our customers' assets, so we're trying to set up that system in another area." The bank is planning to buy out Bank of America's share in a joint venture called Tokyo Investment Service as one possible vehicle.

And securities firms, allowed to set up investment-management firms, are also trying to take a share of the pension-fund business. Mer-

rill Lynch formed its new subsidiary, in part, "to let the Japanese government know that Wall Street investment banking firms should not be precluded from this potentially lucrative business," said Tetsundo Iwakuni, chairman of Merrill Lynch Capital Markets in Japan.

Barred at present from pension funds, however, investment-management firms are going after the assets created by other changes — the idle funds of corporations and the growing pool of rich individuals.

Iran Is Seeking to Link Imports to Oil Purchases

Reuters

TEHRAN — Iran has set up a committee to work out a plan under which imports from many countries would be limited to half the value of oil they buy from Iran, informed Iranian sources said Monday.

The plan, proposed by the Oil Ministry, aims among other things to recapture some of the share of the oil market Iran has lost during its war with Iraq, they said. The principle has been applied to trade with Japan since late last year, they noted.

U. S.-Chinese Trade Grew To \$6 Billion-Plus in '84

United Press International

BEIJING — Trade between China and the United States grew 37 percent last year to exceed \$6 billion for the first time, U. S. officials said Monday.

China has said that it had a \$1.5-billion trade deficit with the United States in 1984, but U. S. figures showed the balance in Beijing's favor by \$60.5 million.

A U. S. Embassy statement called 1984 a "banner year" for U. S.-Chinese trade, unlike 1983, when a textile dispute resulted in a Chinese embargo on U. S. wheat, cotton and synthetic fibers.

"Bilateral trade rose from a dismal four-year low of \$4.4 billion in 1983 to nearly \$6.1 billion in 1984," the embassy statement said. "U. S. exports during December were at their highest level since December of 1980, and two-way trade reached \$613 million during December 1984, the first time U. S.-China trade has topped the \$600-million mark in a single month."

The embassy said the United States exported \$3,004 billion in goods to China last year and imported \$3,064 billion worth of Chinese goods. A diplomat described China's claim of a deficit as "a game they're playing" in an attempt to win trade concessions. The Chinese statistics omitted major trade categories and included freight and insurance costs for imports from the United States but not for exports.

The U. S. figures showed a continued shift in the composition of U. S. exports, with agricultural products losing their dominance. "Unlike 1980-83, when sales of agricultural goods accounted for over 50 percent of U. S. exports to China, 80 percent of U. S. exports in 1984 were non-agricultural goods," the embassy said. "As a result, U. S. export performance in 1984 became much more broadly based than it had ever been before."

Petroleum products valued at \$374 million remained the single largest category of Chinese exports to the United States, followed by crude petroleum valued at \$234.7 million.

Mocatta's New Option

(Continued from Page 9)

of the premium usually charged for an option," Mr. Mullin noted.

For example, suppose a bank is in the process of originating mortgages that it has committed to pool into Ginnie Mae securities in three months. The bank believes interest rates will fall in that time and does not want to sell the package forward in the cash market. But, given the volatility of interest rates, the bank would like some insurance in the form of a stand-by or put option.

Assume further, Mr. Mullin went on, that Ginnie Maes are trading at 95 points, or cents on the dollar, and the premium on a three-month 94 option in the money market is 1 1/4 points. In this case, insurance against the price of the Ginnie Mae falling below 94 really means taking a loss down to 92 1/4 (94 minus the 1 1/4 premium).

This could be costly insurance if interest rates did not fall within the three-month life of the option. What Mocatta's 45-day option on an option offers in this case is in effect the same commitment — insurance against a price decline below 94 — but for a premium of perhaps three-quarters of a point.

Monday's AMEX Closing

Vol. of 3 P.M. 1,578,000
Prev. 3 P.M. vol. 1,578,000
Prev. consolidated close 15,000,000

Tables include the nationwide prices up to the closing on Wall Street

12 Month High Low Stock Div. Yld. PE 52 High Low Close

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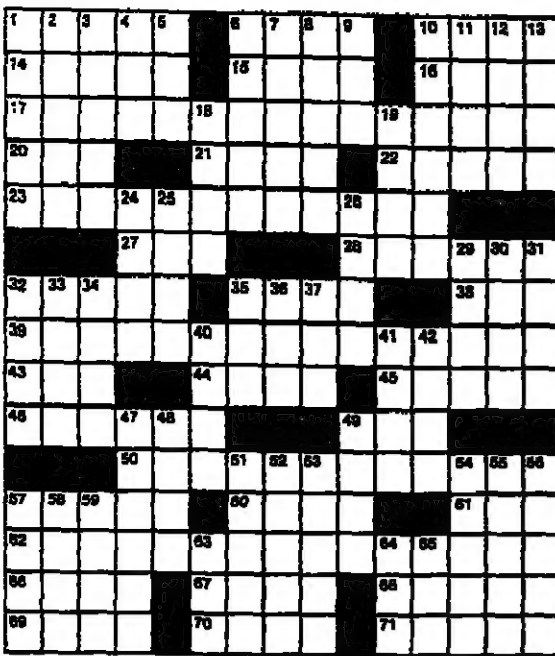
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12 Month High Low



ACROSS
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17 "Festina lente"
20 Here, in Paris
21 Watery fluids
22 Zones
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44 Portlitz
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50 Cornmeal
57 What a bigwig carries
60 Part
61 Nothing
62 Saw
66 Make eyes at
67 Brainstorm

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6 Pecuniary resource
7 British measure
8 Swope
9 W.W. II Govt. agency
10 Combinations of tones
11 Inventor Elias
12 Singer
13 Fitzgerald
14 What E. B. Browning counted
18 Org.
19 "Daily Planet" employee
24 Formal order
25 Tops
26 O'Neill's
27 Christie

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69 Brassie, e.g.
70 Cabbage
71 He wrote "Too Late for the Phalarope"
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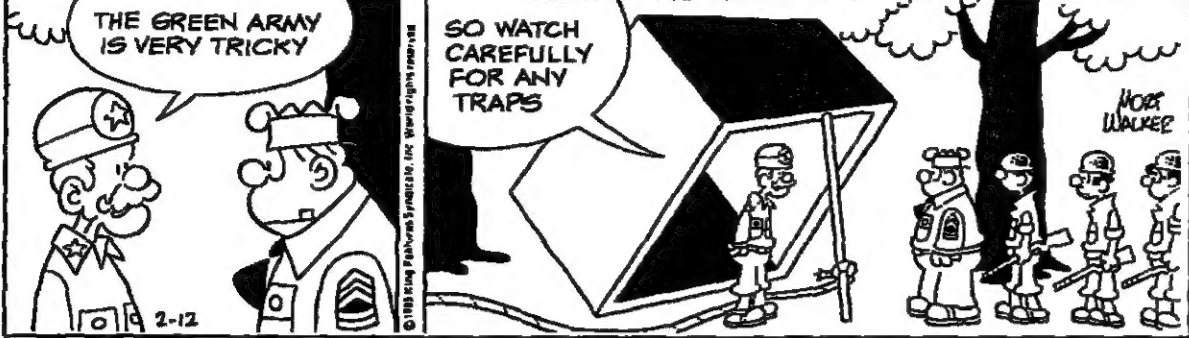
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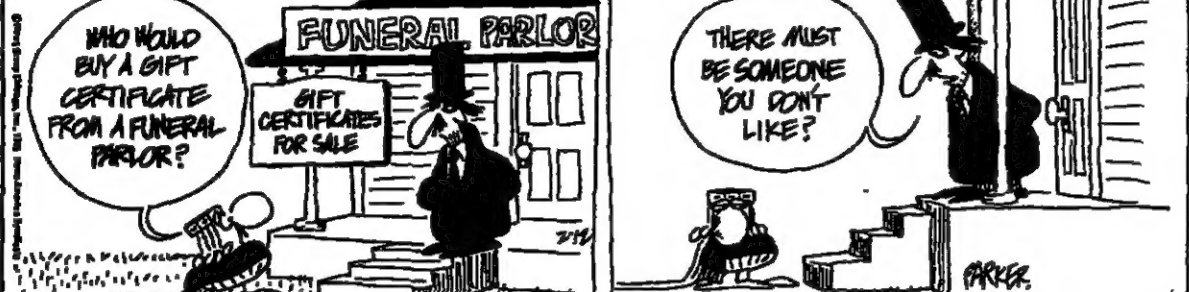
BEETLE BAILEY



ANDY CAPP



WIZARD of ID



DENNIS THE MENACE



REX MORGAN



GARFIELD



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

KROOB
[Grid]
HAMER
[Grid]
DYGOBS
[Grid]
ACEPIE
[Grid]

We grow all our own vegetables.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: _____

Yesterday's Jumbles: NOISE LOUSY AMBUSH SHOULD
Answer: Was the clam digger this? — "MUSSEL" SOUND

WEATHER

EUROPE				ASIA			
High	Low	High	Low	High	Low	High	Low
Algeria	13	5	F	Algeria	13	5	F
Amsterdam	10	5	F	Amsterdam	10	5	F
Antwerp	10	5	F	Antwerp	10	5	F
Athens	17	12	54	Athens	17	12	54
Berlin	10	5	F	Berlin	10	5	F
Bombay	23	18	54	Bombay	23	18	54
Buenos Aires	18	13	54	Buenos Aires	18	13	54
Calcutta	23	18	54	Calcutta	23	18	54
Cardiff	10	5	F	Cardiff	10	5	F
Chennai	23	18	54	Chennai	23	18	54
Cairo	18	13	54	Cairo	18	13	54
Cebu	23	18	54	Cebu	23	18	54
Dakar	18	13	54	Dakar	18	13	54
Dhaka	23	18	54	Dhaka	23	18	54
Dublin	10	5	F	Dublin	10	5	F
Edinburgh	10	5	F	Edinburgh	10	5	F
Geneva	10	5	F	Geneva	10	5	F
Hong Kong	23	18	54	Hong Kong	23	18	54
London	10	5	F	London	10	5	F
Los Angeles	18	13	54	Los Angeles	18	13	54
Madras	23	18	54	Madras	23	18	54
Manila	23	18	54	Manila	23	18	54
Mexico City	18	13	54	Mexico City	18	13	54
Moscow	10	5	F	Moscow	10	5	F
Mumbai	23	18	54	Mumbai	23	18	54
Nairobi	18	13	54	Nairobi	18	13	54
Paris	10	5	F	Paris	10	5	F
Peking	10	5	F	Peking	10	5	F
Rangoon	23	18	54	Rangoon	23	18	54
Rio de Janeiro	18	13	54	Rio de Janeiro	18	13	54
Sao Paulo	18	13	54	Sao Paulo	18	13	54
Seoul	10	5	F	Seoul	10	5	F
Singapore	23	18	54	Singapore	23	18	54
Taipei	10	5	F	Taipei	10	5	F
Tokyo	10	5	F	Tokyo	10	5	F
Yokohama	10	5	F	Yokohama	10	5	F

World Stock Markets

Via Agence France-Presse Feb. 11

Closing prices in local currencies unless otherwise indicated.

Amsterdam				Brussels			
ABN	391.50	Prev.	391.50	ABN	391.50	Prev.	391.50
ABN	391.50	Prev.	391.50	ABN	391.50	Prev.	391.50
ABN	391.50	Prev.	391.50	ABN	391.50	Prev.	391.50
ABN	391.50	Prev.	391.50	ABN	391.50	Prev.	391.50
ABN	391.50	Prev.	391.50	ABN	391.50	Prev.	391.50
ABN	391.50	Prev.	391.50	ABN	391.50	Prev.	391.50
ABN	391.50	Prev.	391.50	ABN	391.50	Prev.	391.50
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Manila and Banks to Sign Pact Feb. 26

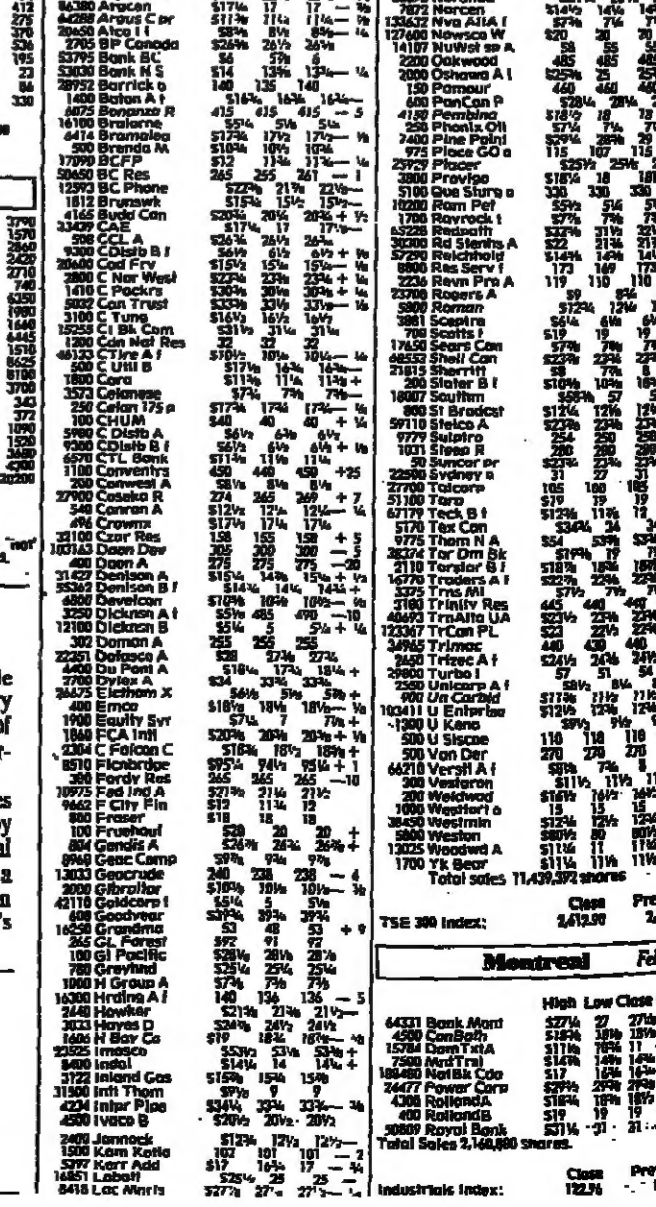
MANILA — The Philippines and its creditor banks will sign an agreement for \$25 million in new loans and \$3 billion in trade credits Feb. 26, Prime Minister Cesar Virata said Monday. The agreement is part of a \$10-billion package put together by the banks.

Mr. Virata, who is also finance minister, said the first installment of the new facility will be available after the International Monetary Fund has completed the review of the country's first-quarter performance next month.

The IMF and the Philippines agreed in December on a standby credit of \$615 million in Special Drawing Rights, which led to a pact with the commercial banks on rescheduling part of the country's \$25-billion foreign debt.

SATIRE IN WORDS AND PICTURES

DOONESBURY DAILY IN THE IHT



BOOKS

IF TOMORROW COMES

By Sidney Sheldon. 416 pp. \$17.95. Morrow, 105 Madison Avenue, New York, N.Y. 10016.

Reviewed by Michele Slung

SIDNEY SHELDON is not one to ignore the vicissitudes of everyday life. Let's say, for example, that you're a bright and beautiful young woman, engaged to marry the scion of an old Philadelphia family when, suddenly, your widowed mother, whom you adore, commits suicide. It isn't, one supposes, beyond the realm of probability that, a few days later, you might be gang-raped in the prison cell where you're serving a 15-year sentence for armed robbery. Fate is funny, after all, and, in more ways than one, it's at its funniest in the genre of fiction to which "If Tomorrow Comes" belongs.

What Sheldon has given us, then, is a lead-and-paste cream-puff that's somehow still digestible, a melodrama that turns an avenging angel into a master criminal and doesn't pause for plausibility. There's a direct line here, one senses, going back to Dumas pere and "The Count of Monte Cristo," and Tracy Whitney, our ravishing (and ravished) heroine, is simply Edmond Dantes in drag. Yet that's comforting, really: isn't it nice to know that even in schlocky potboilers there's a tradition one can hold on to?

Tracy Whitney, the "she" in question, has every reason to be angry, for, practically seconds after the story opens and she's pro-

nounced herself "a princess in a fairy tale," she's on her way to hell. Trying to strike back at the men responsible for her mother's death, she's been outsmarted. Framed and sent to a women's penitentiary where even the toughest kowtow, Tracy first despairs, then decides to turn herself into an instrument of revenge. Since this is a novel, however, a special pardon for her turns up in just a few chapters and, from that moment on, Tracy's not a victim anymore.

The lurid, even overly grotesque scenes set in the Louisiana prison where Tracy loses her naivete in a hurry give Sheldon a chance to show off his research into jailhouse slang, convict routines and the sexual pathology of female inmates. Laid on with a shovel as this data seems, it also represents "reality" as opposed to romance and thus appears even stranger. One doesn't doubt that Sheldon is telling it like it is, only in this context the awfulness serves merely to emphasize Tracy's defeat and degradation so that her reemergence is more dramatic, more of a rebirth to the reader. And, of course, more of a spur to revenge. So when the jail door does get thrown open, it's Never-Never Land outside.

Fully two-thirds of the novel is left at this point, plenty of time for Tracy to metamorphose into a queen of thieves who dazzles fellow con artists and insurance investigators alike. Canning caper follows cunning caper after she's taken care of her old enemies and decided she likes "living on the cutting edge of danger." To make things a bit more exciting, two new enemies turn up — one, a charmer who woos her with his wits, the other, an ardent who might have strayed from a slasher movie. But both, in different ways, are eventually bested.

Sheldon obviously had a good time planning the jobs Tracy pulls off, whether it's stealing a Goya from the Prado or a priceless diamond from an Amsterdam display. For reasons less pertinent to the plot, though, he also tosses in a brief jello orgy the silliness of which casts a rainbow glow over the book's more "serious" love scenes. Does it matter, though? Not at all, because in the ways that count at the cash register, Sidney Sheldon's imagination is knock-proof.

When, not if, tomorrow comes, his seventh novel will be a best seller.

Michele Slung is on the staff of The Washington Post.

CHESS

By Robert Byrne

ANATOLY KARPOV sleepwalked his way to a loss in the 47th game of his world chess championship match in Moscow. The 33-year-old title holder saw his lead in the series cut back to 5-2.

The opening play of this 47th encounter featured two unheralded twists. Whereas Karpov had used the solid 5-P-Karp in the 29th and 33d encounters — as he has throughout his career — he shifted here to the aggressive Anti-Meran Gambit with B-N5.

And it all went for naught — Karpov slyly steered the game into the Cambridge Springs defense with 6...Q-R4. Such a turn must have come as an enormous surprise to Karpov; not only had he never shown any interest in this defense, he demolished it several times in his final candidates match with Vasily Smyslov in Vilnius, in the Soviet-Lithuanian Republic, last April.

Of course Smyslov had relied on 8...B-N5? instead of the superior 8...N/2-N3 that Karpov used in this game. Karpov seemed to have been totally unprepared for it, for otherwise it would be difficult to account for his timid 9-Na4, QxQch: 10 N-NxQ, which indicated that he did not care for the way things were going and intended to take the day off.

Playing 12 P-QR4? meant White would never be able to set in motion the minority attack that required, albeit after long preparation, P-QR3, P-QN4, and P-QN5. Besides, and much more serious, the move left weak squares in the white queenside.

After 18...K-R-K1, the white king was placed where it could easily be molested, and the white knight was ineffectual and difficult to relocate. Karpov's opening of the center 19...P-QB4? brought White's suffering to light. This was not a true pawn sacrifice since 20 P-P, N-Q2; 21 P-B6, P-P2; 22 R-P2; 23 R-P2; 24 R-P2; 25 R-P2; 26 R-P2; 27 R-P2; 28 R-P2; 29 R-P2; 30 R-P2; 31 R-P2; 32 R-P2; 33 R-P2; 34 R-P2; 35 R-P2; 36 R-P2; 37 R-P2; 38 R-P2; 39 R-P2; 40 R-P2; 41 R-P2; 42 R-P2; 43 R-P2; 44 R-P2; 45 R-P2; 46 R-P2; 47 R-P2; 48 R-P2; 49 R-P2; 50 R-P2; 51 R-P2; 52 R-P2; 53 R-P2; 54 R-P2; 55 R-P2; 56 R-P2; 57 R-P2; 58 R-P2; 59 R-P2; 60 R-P2; 61 R-P2; 62 R-P2; 63 R-P2; 64 R-P2; 65 R-P2; 66 R-P2; 67 R-P2; 68 R-P2; 69 R-P2; 70 R-P2; 71 R-P2; 72 R-P2; 73 R-P2; 74 R-P2; 75 R-P2; 76 R-P2; 77 R-P2; 78 R-P2; 79 R-P2; 80 R-P2; 81 R-P2; 82 R-P2; 83 R-P2; 84 R-P2; 85 R-P2; 86 R-P2; 87 R-P2; 88 R-P2; 89 R-P2; 90 R-P2; 91 R-P2; 92 R-P2; 93 R-P2; 94 R-P2; 95 R-P2; 96 R-P2; 97 R-P2; 98 R-P2; 99 R-P2; 100 R-P2; 101 R-P2; 102 R-P2; 103 R-P2; 104 R-P2; 105 R-P2; 106 R-P2; 107 R-P2; 108 R-P2; 109 R-P2; 110 R-P2; 111 R-P2; 112 R-P2; 113 R-P2; 114 R-P2; 115 R-P2; 116 R-P2; 117 R-P2; 118 R-P2; 119 R-P2; 120 R-P2; 121 R-P2; 122 R-P2; 123 R-P2; 124 R-P2; 125 R-P2; 126 R-P2; 127 R-P2; 128 R-P2; 129 R-P2; 130 R-P2; 131 R-P2; 132 R-P2; 133 R-P2; 134 R-P2; 135 R-P2; 136 R-P2; 137 R-P2; 138 R-P2; 139 R-P2; 140 R-P2; 141 R-P2; 142 R-P2; 143 R-P2; 144 R-P2; 145 R-P2; 146 R-P2; 147 R-P2; 148 R-P2; 149 R-P2; 150 R-P2; 151 R-P2; 152 R-P2; 153 R-P2; 154 R-P2; 155 R-P2; 156 R-P2; 157 R-P2; 158 R-P2; 159 R-P2; 160 R-P2; 161 R-P2; 162 R-P2; 163 R-P2; 164 R-P2; 165 R-P2; 166 R-P2; 167 R-P2; 168 R-P2; 169 R-P2; 170 R-P2; 171 R-P2; 172 R-P2; 173 R-P2; 174 R-P2; 175 R-P2; 176 R-P2; 177 R-P2; 178 R-P2; 179 R-P2; 180 R-P2; 181 R-P2; 182 R-P2; 183 R-P2; 184 R-P2; 185 R-P2; 186 R-P2; 187 R-P2; 188 R-P2; 189 R-P2; 190 R-P2; 191 R-P2; 192 R-P2; 193 R-P2; 194 R-P2; 195 R-P2; 196 R-P2; 197 R-P2; 198 R-P2; 199 R-P2; 200 R-P2; 201 R-P2; 202 R-P2; 203 R-P2; 204 R-P2; 205 R-P2; 206 R-P2; 207 R-P2; 208 R-P2; 209 R-P2; 210 R-P2; 211 R-P2; 212 R-P2; 213 R-P2; 214 R-P2; 215 R-P2; 216 R-P2; 217 R-P2; 218 R-P2; 219 R-P2; 220 R-P2; 221 R-P2; 222 R-P2; 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623 R-P2; 624 R-P2; 625 R-P2; 626 R-P2; 627 R-P2; 628 R-P2; 629 R-P2; 630 R-P2; 631 R-P2; 632 R-P2; 633 R-P2; 634 R-P2; 635 R-P2; 636 R-P2; 637 R-P2; 638 R-P2; 639 R-P2; 640 R-P2; 641 R-P2; 642 R-P2; 643 R-P2; 644 R-P2; 645 R-P2; 646 R-P2; 647 R-P2; 648 R-P2; 649 R-P2; 650 R-P2; 651 R-P2; 652 R-P2; 653 R-P2; 654 R-P2; 655 R-P2; 656 R-P2; 657 R-P2; 658 R-P2; 659 R-P2; 660 R-P2; 661 R-P2; 662 R-P2; 663 R-P2; 664 R-P2; 665 R-P2; 666 R-P2; 667 R-P2; 668 R-P2; 669 R-P2; 670 R-P2; 671 R-P2; 672 R-P2; 673 R-P2; 674 R-P2; 675 R-P2; 676 R-P2; 677 R-P2; 678 R-P2; 679 R-P2; 680 R-P2; 681 R-P2; 682 R-P2; 68

SPORTS

Sampson Leads NBA Western All-Stars to Victory



Ralph Sampson: 24 points, 10 rebounds and a full day's work.

Compiled by Our Staff From Dispatches
INDIANAPOLIS — Julius Erving electrified the crowd with a cradle dunk. Earvin (Magic) Johnson made a seemingly impossible pass and George Gervin hit a 15-foot jumper from the hip.

There were 21 other players looking for playing time and making moves usually reserved for the playgrounds, moves some coaches might frown on in a game that counted. And in the end, the Western Conference beat the East, 140-129, in the National Basketball Association's 35th annual all-star game here Sunday.

It was the West's first victory after five consecutive losses, and it came before the largest NBA crowd ever, 43,146, at the Hoosier Dome. Ralph Sampson, Houston's 7-foot, 4 (2.23-meter) center, was crowned the star of stars: He scored 24 points, had 10 rebounds and was named the game's most valuable player.

"It was playground game, a fun game and I enjoyed playing in it," said Sampson, who hit 10 of his 15 shots from the field. "What I enjoyed most was playing with Magic. He has great court awareness."

Sampson, who started at power forward and played center for a while, received 47 votes from the press. Johnson, who had 15 assists and 21 points, received 38 votes.

The previous high attendance for any NBA event was 41,165 on Feb. 4, 1969, for a regular-season double-header at the Houston Astro-dome. The previous all-time high for an all-star game was 31,745 in 1979 at the Silverdome in Pontiac, Michigan.

The East started well, outrunning the West in the first six minutes while taking a six-point lead. But the East shot poorly after that, finishing with a percentage of .408 after making only 49 of 120 field-goal attempts. The West hit 56 of 96 shots for a .583 percentage.

The West never trailed after taking a 34-33 lead late in the first quarter, although the East managed five ties thereafter. The final deadlock was 70-70, but Larry Nance of the Phoenix Suns started a 24-13 streak with two straight baskets.

Sampson completed the run with a lay-up for a 94-83 lead with 2:20 left in the third period. The closest the East came after that was 97-93 in the first minute of the final quarter, but Sampson scored the next two baskets and the East never seriously threatened again.

Amid all the sensational moves, there were some anxious moments. In the second quarter, Isiah Thomas, the playmaker for the Detroit Pistons who was having a spectacular game, caught a knee to his left thigh.

The injury to Thomas, who was making a strong case for being named the game's MVP for the second year in a row, happened with about three minutes left before Johnson intercepted a pass from Johnson intended for Gervin. Thomas, who scored 17 of his 22 points in the first half, kept playing and hit a 3-point shot that tied the score at half time.

But he was limping badly at the start of the third quarter and played only sparingly in the second half. K.C. Jones, the East coach, replaced him for good with Sidney Moncrief with 6:35 left in the game and the West ahead by 118-107.

"Isiah wanted to stay out there," said Jones, who lost for the first time in three appearances as an all-star, "but I thought it would be best if he sat down. Why take a chance that he may hurt himself more?"

In the dressing room after the game, Thomas, waiting for the trainer to remove his bandage, said: "K.C. sat me down. I wanted to play, but the way it feels now, he made the right decision. I'm glad he cared enough about me. I could have hurt it more."

There was another injury, minor perhaps, but it hurt the East's cause at a crucial point. With about 8 minutes remaining in the game and the East trying to mount a comeback, Larry Bird of the Boston Celtics fouled Adrian Dantley of the Utah Jazz. As he fell to the floor, Dantley hit Bird across the bridge of the nose. His nose bleeding profusely, Bird was taken out of the game. He returned with 4:35 left and the West went ahead, 124-118. Bird did not score again.

Did the injuries hurt the East's chances? "I think Isiah being hurt had a tremendous effect on the game," said Bernard King, the New York Knicks forward, who scored 13 points. "I noticed he was very tentative and he wasn't putting his full weight on his thighs, particularly in the fourth quarter."

Pat Riley of the Los Angeles Lakers, who gained his first victory in three attempts as the West coach, said: "I think we had the game pretty much under control in the last quarter. Ralph took care of that with his three or four dunks, but I guess any time a coach doesn't have Isiah or Bird available, you have to say it hurt."

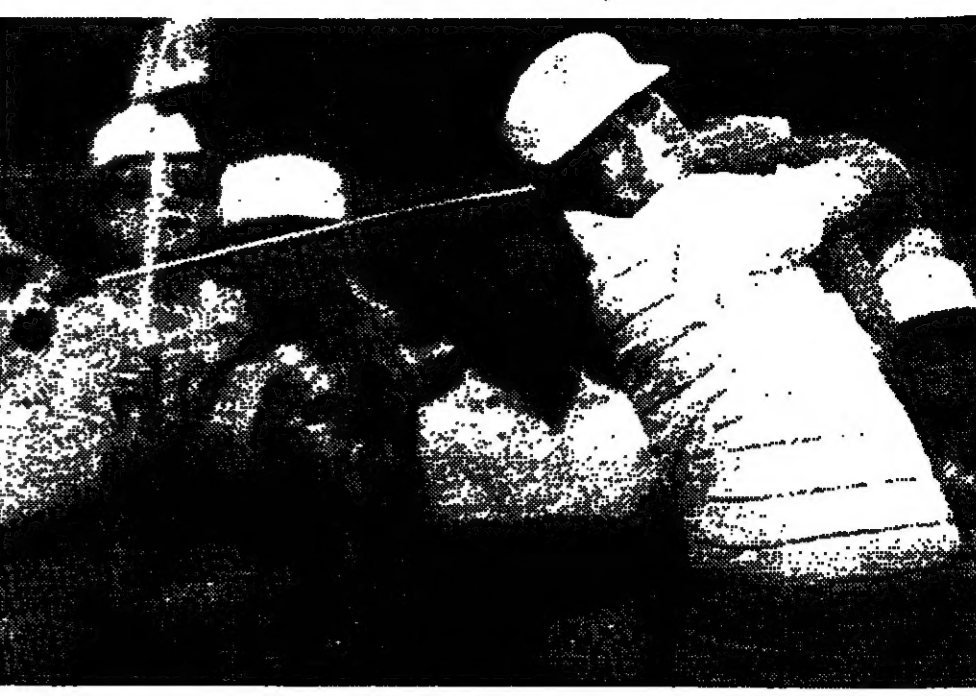
"I know one thing," Riley added. "K.C. was coaching more than I was down the stretch. He was making changes, looking for quickness."

Jones said: "The game was one of those situations where you can do a halfway job on Kareem Abdul-Jabbar, and that's a maybe. You can do a halfway job on Magic, and that's another maybe. But when you get a Ralph Sampson playing the way he did and a hot shooting George Gervin, that's a bit too much to contend with."

Gervin, the San Antonio guard, missed only twice in 12 attempts from the field and had 23 points. But the victory belonged primarily to Sampson.

"He did a full day's work," said Jones. "He came down on the fast break and hit the boards."

"He was head and shoulders above most of the players when the game was on the line," said Riley after Sampson scored 11 of his 24 points in the fourth quarter. "He's a great young player and will get nothing but better." (NYT, AP)



Mark O'Meara: 'I was determined not to let this tournament get away from me.'

O'Meara Wins 2d Straight PGA Event

Compiled by Our Staff From Dispatches

HONOLULU — Mark O'Meara won his second consecutive Professional Golfers Association tour victory Sunday, a one-shot triumph in the Hawaiian Open, when his decisive pressure put on the 17th hole put an end to Craig Stadler's comeback bid.

"I made a late rush — a little too late," Stadler said after his closing 64 briefly tied O'Meara. Stadler birdied the 18th hole at Waialae Country Club to draw even at 20 under par, but O'Meara soon responded with his winning 30-foot birdie putt.

"I knew Craig was coming at me. I knew he was making the putts and when he gets it going he can make a lot of putts," O'Meara said.

"I was determined not to let this tournament get away from me. On the 17th, I was determined I wasn't going to let that putt be short. I was going to be sure to get it to the hole," he said. He got it to the hole, and in it.

"Mark's on a roll," Stadler said.

"Gosh but he's playing well."

O'Meara, the winner of last week's Bing Crosby National Pro-Am, became the first man to win consecutive tour titles since Gil Morgan won the first two events of 1963.

O'Meara won this one with a 69 over the final 18 holes and a 267 total, 21 under par. The victory was worth \$90,000 from a total purse of \$300,000 and lifted O'Meara into the season's money-winning lead at \$194,625. Over the 72 holes here, he had an eagle, 20 birdies and only one bogey.

Stadler was six strokes behind O'Meara going into Sunday's play but made a gallant bid, starting his final round eagle-birdie-birdie and finishing birdie-birdie-birdie. His 20-under 268 total made him the runner-up for the second time this season.

As Stadler was playing the 18th, O'Meara, on the par-3 191-yard No. 17, had been giving every indication of crumbling. He had opened the door to Stadler's bid by missing birdie putts of three feet on the 15th and eight feet on the 16th.

But after Stadler's round-closing birdie, O'Meara ran in his long putt on the 17th and had the lead for good. He played the 18th in routine.

With O'Meara holding a four-shot lead at the start of play, only Stadler was able to mount a challenge. Ed Fiori, with a par-7, and Larry Mize (a closing 69) shared third at 272, five shots off the lead. Buddy Gardner was next at 272 1/2. At 274 were Andy North (a 68), Dan Pohl (67) and Jim Simons (72).

O'Meara, 28, is a former national amateur champion and was the PGA tour's rookie of the year in 1981. The following season he hit a shump, but last year won his first pro title, was second five times, had 15 finishes in the top 10 and was second only to Tom Watson on the earnings list with \$465,873.

"There's always a little bit of luck involved," he said. "Last year, some of those seconds could have been wins. This year, the luck is on my side." (AP, UPI)

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Leafs Post a Rare Home-Ice Triumph

The Associated Press

TORONTO — The Toronto Maple Leafs solved one of the biggest mysteries of their season Sunday night when they stunned the Montreal Canadiens with a 3-2 National Hockey League overtime victory.

The victory wasn't that surprising since the Leafs had beaten Montreal 4-0 on Nov. 19 and 5-2 Saturday night, but it happened on the ice that has been a burial ground this season for the Norris Division club.

Neither the players nor Coach Dan Maloney have been able to explain the Leafs' abysmal performance on home ice. The victory over the Canadiens was Toronto's second in its last 10 games at Maple Leaf Gardens and only its sixth in 28 outings this season.

"We had to get something going, we had to turn it around," said captain Rick Vaive, whose second

goal of the game came 3:38 into overtime. "We were on a three-game losing streak coming into this series — home-and-home dates against Montreal — and I can't think of any bigger lift for us."

Elsewhere it was Vancouver 5,

NHL FOCUS

Winnipeg 3; Philadelphia 3, the New York Rangers 2; Los Angeles 4, Pittsburgh 4; Boston 3, and Quebec 10, Hartford 4.

While Vaive, with his 26th and 27th goals of the season, and linemate John Anderson supplied the firepower, goalie Tim Bernhardt was chiefly responsible for defusing the Canadian attack.

Since filling in for Rick St. Croix, who was injured Jan. 9, Bernhardt has given Toronto solid and sometimes spectacular goaltending.

Only four of Montreal's 76 shots during the weekend eluded him. He was tested 19 times in Sunday night's second period, and although two of them were scored Bernhardt was the reason the teams were tied 2-2 after 40 minutes.

"The second period was tough," acknowledged Bernhardt, who made his 14th consecutive start and improved his record to 7-5-2. "They kept coming and coming in waves. The key was keeping it to two."

Bernhardt and Montreal goaltender Steve Penney each made hair-raising saves in the third period, and it was moments after Bernhardt had closed his pads on a shot from the slot by Guy Caron that Vaive connected for the winner.

The victory moved Toronto to within eight points of fourth-place Detroit for the final division playoff spot.

Mancini: Still Life, Still Questions

By Michael Katz

New York Times Service

NEW YORK — Life goes on, although sometimes, Ray Mancini thinks, life should have imitated art. He should have quit after winning the title. At least, it would have saved him hundreds of punches, long weeks away from his family and the anguish over killing a man in the ring.

On Saturday, 16 days before his 24th birthday, Mancini will defy his critics and try to win back the title from Livingstone Bramble, who brutally captured it last June with a 14th-round knockout.

"He doesn't need this anymore," warned Bob Arum, who until now had promoted all of Mancini's title bouts. "He's taken on too many punches."

Mancini wonders if he really needed it after winning the title in the first place, certainly after insuring that his family would live comfortably ever after.

There's enough of the poet in the fighter to appreciate that no matter how dramatic his career has been, everything since winning the title is somehow anticlimactic. Hollywood sees it that way, too.

The Hollywood ending of Mancini's boxing career came in the middle, when he won the World Boxing Association lightweight title in celebration of his father, Lenny.

The original Boom Boom Mancini had been a No. 1 contender, but World War II came along and he never got the title

shot. Ray Mancini dedicated his career to winning that title, and that's where the television story, named "I Walk in His Shadow," after the poem the 14-year-old youngster wrote about his father, is planned by CBS for airing on June 16, Father's Day.

By that time, Mancini may well have written another ending to his boxing career. "Win, lose or anything," he said the other day from Reno, where he will face Bramble, "this could be it. I may peak out after this fight, or I may not. The bottom line is whether I want to dedicate myself anymore to boxing. My forte is my intensity and my desire. Without it, I'm mediocre at best. I'll be the first to admit that."

He said he wonders whether the intensity and the desire abated after winning the title in May 1982. "Sure," he concluded. "Everything else was anticlimactic."

"If you put it on a scale, that was 150 percent," he said, "although I think I was at least 100 percent for my other fights."

"There was always something to be up for." And down. Life goes on, but not always happily. Six months after the TV movie's happy ending, in his second defense, Mancini administered fatal blows to Duk Koo Kim of South Korea. He said he had overcome that trauma, but his boxing performances since winning the title lacked his earlier intensity, when he defeated José Luis Ramirez of Mexico, won the World Boxing Council lightweight championship, and gave

Alexis Arguello such a good fight for the WBC title.

After becoming champion, Mancini looked good against only Ernesto España of Venezuela, a worn-out former champion, and Bobby Chacon, a faded featherweight. Although such mediocrities as Kim and Orlando Romero were named No. 1 by the WBA, Mancini was carefully steered clear of the lightweight division's better fighters.

It didn't matter. The sweetness of what the TV boys call the "storyline" and his boy-next-door earnestness, combined with being an aggressive crowd-pleaser in the ring, made Mancini one of boxing's biggest stars. Then came Bramble, an unorthodox counterpuncher who has feasted on fighters with Mancini's style.

"Bramble had a man in front of him who couldn't have been better for him had he drawn him on a designing board," said Mort Sharmik, the CBA adviser who was instrumental in making Mancini a television attraction.

Mancini said he would not change his style. He said he was "weak" for the first fight because he had overtrained. Chuck Fagan, an old friend who is also his assistant trainer, said Mancini was "mentally lapsed."

But Fagan said "the old fire is back for this fight. He wants this guy and he wants his title back."

Lou Duva, Bramble's manager, has publicly warned his man that Mancini will be "fighting for his life as a fighter."

"That's not true," said Mancini. "Whatever I've accomplished is history. We're going to beat this kid. I feel the enthusiasm back, but this isn't as big a fight as when I won the title from Art Frias."

"When I fought Frias, I felt that if I didn't win the title then, I'd never get another chance. This was a do-or-die fight. This isn't. But it's easy to get up for redemption. The last eight months, I've had to live with the hurt, the disappointment."

Mancini could be fighting for a sequel. Sylvester Stallone bought the movie rights to his life after the Frias fight. A victory Saturday, Mancini said, "could be the end of Part II."

Boxing, movies, it's the same. Mancini said.

"Frankie Avalon's a friend of mine," he said. "He told me that when you do movies, you leave a chunk of your life behind. And it's the same thing with fighters. See, if I beat this guy, the question is, am I willing to pay the dues again. This is what I don't know right now."

SCOREBOARD

Hockey

National Hockey League Standings

Wales Conference			
Team	W	L	Pts
Washington	34	14	70
Philadelphia	31	16	67
N.Y. Islanders	30	22	63
N.Y. Rangers	29	23	61
Pittsburgh	18	29	41
New Jersey	17	29	41

Patrick Division			
Team	W	L	Pts
Montreal	27	19	64
Quebec	26	20	62
Boston	25	21	60
Hartford	17	30	40

Campbell Conference			
Team	W	L	Pts
St. Louis	25	19	64
Chicago	25	20	62
Minnesota	14	29	40
Detroit	14	31	40
Toronto	13	28	37

Smith Division			
Team	W	L	Pts
Edmonton	40	18	88
Calgary	38	21	85
Winnipeg	28	24	60
Los Angeles	24	28	52
Vancouver	14	38	32

Sunday's Results			
Team	Score	Team	Score
Quebec	4-3	Hartford	1-0
Ashton 2 (20), Maxwell 15, Goulet 2 (38), Hunter 14, A. Stacey 1 (31), A. Cole 2 (10)			

Atlantic Division			
Team	W	L	Pts
Florida	25	19	64
Atlanta	24	20	62
Washington	23	21	60
Philadelphia	17	27	44

Pacific Division			
Team	W	L	Pts
San Jose	25	19	64
Los Angeles	24	20	62
San Jose	23	21	60
San Jose	17	27	44

All-Star Game Results			
Team	Score	Team	Score
1984-85 West	10-9	1984-85 East	9-10
1983-84 West	10-9	1983-84 East	9-10
1982-83 West	10-9	1982-83 East	9-10

College Top-20 Results			
Team	Score	Team	Score
1984-85 West	10-9	1984-85 East	9-10
1983-84 West	10-9	1983-84 East	9-10
1982-83 West	10-9	1982-83 East	9-10

Transition			
Team	Score	Team	Score
1984-85 West	10-9	1984-85 East	9-10
1983-84 West	10-9	1983-84 East	9-10
1982-83 West	10-9	1982-83 East	9-10

Basketball

NBA All-Star Box Score

Wales Conference			
Team	W	L	Pts
Washington	34	14	70
Philadelphia	31	16	67
N.Y. Islanders	30	22	63
N.Y. Rangers	29	23	61
Pittsburgh	18	29	41
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Pacific Division			
Team	W	L	Pts
San Jose	25	19	64

ART BUCHWALD

Flushing Out an Overrun

WASHINGTON — It's amazing, but all the cost overrun scandals at the Pentagon have to do with small items, and not big ones. First it was the \$400 hammer, then the \$7,900 coffeemaker, followed by the \$16,400 refrigerator — and last week, the \$640 flying toilet seat.

That's what Lockheed Aircraft charged the U.S. Navy for each one it installed in its P3 Orion submarine-hunting aircraft. The press instantly dubbed it "Toiletgate," and the revelation couldn't have come at a worse time. When the seat was displayed by Senator William V. Roth Jr. of Delaware, all hell broke loose in the Defense Department. Cap Weinberger was having enough trouble defending his budget on the Hill, and he was in no mood to justify the cost of plumbing fixtures on a Navy aircraft.

Two minutes after the list price for the seat surfaced, "general quarters" was sounded at the Pentagon, and everyone grabbed a phone.

Weinberger called the secretary of the navy, who called the chief of naval operations, who called the admiral in charge of aircraft procurement, who called the captain who heads the P3 submarine-hunter program, who called Lockheed Aircraft for an explanation.

"What the hell are you guys doing charging us \$640 for a toilet seat?" he yelled into the phone.

"We made a slight mistake," the Lockheed commander chief said. "We should have only billed you \$554 for each one. We'll send you a rebate in the morning."

"Do you know what's going on here in Washington? You've jeopardized the entire \$313-billion defense budget. You guys must be crazy."

"Now wait a minute. That seat is made of fiberglass and plastic and will withstand any combat situation that the P3 hunter is bound to

encounter. We tested it in two crash landings and it didn't have a crack in it."

"That's not the point. If you overcharge us for a Biniptual cruise digitor no one is going to question it. If you bury a few thousand bucks in the Gaffney flick switch, or a Dalmatian synthesizer, Congress will never find it. And if you want to up the price on a Flange Dipthong Upsurge, we'll look the other way. But the American taxpayer knows what toilet covers cost. Besides, the reason this whole thing broke is a small contractor claims he could make the same seat for \$200."

"They all say that until they try to build one. It's not just the seat but the research and development that went into it. We had to build a special simulator to make sure it would hold up at 40,000 feet."

"Why didn't you add those costs on to the Septum Firch chronometer? We could have absorbed them there."

"Because \$640 is peanuts in a multimillion-dollar airplane. Suppose we reduce the price to \$500? We'll eat the difference."

"It's too late. The Navy is thinking of canceling the order for the rest of the planes. If you don't come down on those seats, you can start closing the assembly line."

"Okay, give us a figure we can live with."

"We're not going to pay more than \$100 a seat."

"You have to be kidding. We gave you the plane at cost, but your understanding was we could charge anything we wanted for the optional equipment."

"Our agreement didn't include coffee pots and commodes. One hundred dollars or we take the whole program over to Grumman Aircraft."

"You have us over a barrel. We'll give it to you at that price but it will wipe out our entire profit margin. We only make \$340 on each plane."

The captain said, "That's your problem. I want a telegram on my desk about the price reduction by this afternoon. If it isn't here, you're going to get a 'Dear John' letter from me in the morning."

St. Patrick's March: A Woman Marshal?

By William E. Geist

New York Times Service

NEW YORK — Mrs. Cudahy's teacups are delicate, fine bone china in a dainty floral pattern — a lot more durable than they look, she noted, and just as Irish as could be made in Ireland and sporting a pattern called "All the Flowers That Bloom in Ireland."

Dorothy Hayden Cudahy is a soft-spoken Irish grandmother from Queens who wants to be grand marshal of the St. Patrick's Day Parade, and she wants to be the grand marshal of the parade now.

Mrs. Cudahy would be the first female marshal in the 223-year history of the parade, and she is meeting great resistance.

"She can't do it," the parade chairman, Frank Beirne, stated flatly. "Under the rules, only a man can lead the parade."

He said that marshals had to be members of the Ancient Order of Hibernians and that Mrs. Cudahy was only in the Ladies Auxiliary. The choice will be made this week.

Beirne said he thought that Mrs. Cudahy should calm down, take it easy and wait until next year, when, he said, the rules might be changed.

What is the rush, he reasons. Men have led the parade for the last 223 years. "Exactly," said Mrs. Cudahy, pleasantly. She literally squirms in her dining-room chair at the mention of such terms as "sexism," "chauvinism" and "feminism."

"I don't think these men are chauvinists," she said. "They're just old Irishmen set in their ways."

"I wouldn't call myself a feminist. I just think the most qualified person should get the job. These men are being silly. Come to think of it, I guess I am getting annoyed."

"I do not want to be pushy, but there is no reason to wait. It seems to me one of our best traits as Irish people is speaking up forcefully."

"Leading the parade is the greatest honor that could be bestowed on any Irish person," said Beirne.

Mrs. Cudahy imagines it to be a heavenly experience. "People who have done it," she said, dreamy-eyed, "say that it is like walking on air."

But she has found that all is not bagpipes, bands and balloons in the realm of the St. Patrick's Day Parade, which is frequently called the largest parade in the United States, with 120,000 marchers.

"Selection of a grand marshal," a parade official said, "has become political hardball. This is the essence of the old Boy Network. The man selected to lead gains celebrity, status and power in the Irish community of New York and beyond."

The selection of the grand marshal changed from an appointment to an election three years ago. Those wishing to be selected run advertisements in Irish publications, hold fund-raising parties, send out mailings to



Dorothy Hayden Cudahy wants to be grand marshal this year.

delegates and contact them by telephone, as well as seek the endorsements of influential Irish people.

One parade official said he had heard someone suggest that "the candidates debate, for God's sake."

"This is democracy," Beirne said. "The American way. But it is getting carried away. Candidates are starting to spend a lot of money."

"I won't run ads," Mrs. Cudahy said. "These people who are delegates know me by now. I think the grand marshal should be very, very knowledgeable in Irish music, sports, dance and literature. She should be very knowledgeable about the political situation in Ireland and be able to speak up on that."

John Thornton, editor of the Irish Echo newspaper, treats Mrs. Cudahy as a legitimate candidate in his coverage of the race for grand marshal for the parade, which will be on March 16 this year, March 17 being a Sunday.

"I don't see anything in the rules to stop her," he said. "I feel she should be allowed to run."

Even her opponents seem to agree that other than her failure to be a man, her credentials for grand marshal are impeccable. Last year, Mrs. Cudahy, 62, became the first female president of the County Kilkenny Association and was named Irish Woman of the Year by the Emerald Society.

Mrs. Cudahy is called "The First Lady of Irish Radio," for being the host of a Sunday-night radio program on WEVD, "Irish Memories," for 41 years. "I'm an Irish disk jockey," she said.

Everything in her brick row house in Middle Village is as Irish as could be, she said. She pointed proudly to her vast record collection — the Irish Warpipe Band of the city's transit police and the like — that she uses on the radio program, to the painting of the cliffs of Moher in County Clare, to the photographs of her daughter-in-law, Kathleen, and her granddaughter, Mary Kate, to the table with the books and magazines on Ireland to the china closet containing all of the Irish teacups.

At Bridge's, a neighborhood bar with "Irish Eyes" playing on the jukebox, men discussed the impending election.

"This is an unlikely neighborhood to find a militant feminist," said one of the barbers.

"It's a fine idea for a woman to be grand marshal," said an elderly man, but not this year, not yet.

"Ah, well," said Dennis O'Connell, the bartender, "a woman leading our parade. Why not? They seem to be everywhere you look nowadays — up in outer space and even in the Fire Department."

"She's a grandmother," said another man, "but they say she's a lot tougher than she looks. A fighter. If you're true Irish, you've got to like that."

PEOPLE
Lefty Bags \$136,700

A confrontation between a left-handed checkout clerk and a food store chain's right-handed work rules has resulted in a jury's judgment of \$136,700 in favor of the clerk. "It didn't make sense. It was discrimination against left-handers," said Crystal Sagen, 24, of the requirement by the Jewel Food Stores chain that she check out groceries with her right hand. She says that until the store where she worked in Naperville, Illinois, switched to computerized checkout scanners in 1981, she was one of the company's fastest clerks. After the scanners were installed, Sagen said that all checkers had to check right-handed, and she was forced to sign a form that she would always check right-handed "because I needed the job." But she soon returned to checking left-handed because it was easier and she was faster as a lefty, she said. Sagen, who now lives in a Chicago suburb, quit Jewel. A Du Page County Circuit Court jury, all right-handers, found in her favor. "The Jewel attorneys dismissed the only left-handed juror," she said. Sagen now delivers newspapers, but said she would like to work for another supermarket.

Joanna Carson, estranged wife of "Tonight Show" host Johnny Carson, must continue to live on \$44,600 a month in temporary support, a Los Angeles Superior Court judge decided, denying her request for a \$6,000 monthly increase. She had claimed that she was forced to sell stocks and bonds in order to meet her monthly expenses.

A disgruntled art collector is suing the Whitney Museum of American Art in New York City, alleging breach of contract and demanding the return of works he donated in 1978. Henry M. Reed, a New York insurance broker, filed suit in federal court in Manhattan charging the Whitney Museum with failing to fulfill its promise of a timely exhibit and catalog for his collection. That collection consists of an estimated 200 paintings, notebooks and letters of American avant-garde painter Morgan Russell. Lawyers for the Whitney say Reed's gift was made unconditionally. The museum is planning a Russell exhibition in 1987, they say.

add, but it is under no legal obligation to show the works. Morgan Russell (1886-1953) was one of the central figures in the development of a pre-World War I style of painting known as Synchromism, which art historians consider an important, if short-lived, antecedent to Abstract Expressionism. Lawyers for both sides put the value of the collection at several hundred thousand dollars.

Muhs Hassnall Bolkiah, the Sultan of oil-rich Brunei, has donated the equivalent of \$392,000 to Britain's National Army Museum and \$280,000 to the Imperial War Museum, the British Ministry of Defense announced. The former British colony on the northwest coast of Borneo still has close links with the British army, which trains soldiers on its tropical terrain. Last month, the Sultan bought the Dorchester Hotel in London's Mayfair section for \$48 million, and said he plans to spend \$22 million to refurbish it.

A Maine millionaire has donated his 14th-century castle — complete with most — to a charity that owns more than 200 of Britain's stately homes and much of its countryside. Charles Henry Robinson of Cape Elizabeth, Maine, is 93 and an invalid. He first saw Ighiteam (pronounced "item") in 1920, when he screeched his bicycle to a halt as it came into view 16 miles south of London. He bought it in 1953.

Basque artist Eduardo Chillida, 60, was named as recipient of the \$100,000 Wolf Foundation sculpture prize. It was the first time the Israel-based international foundation has made an award for sculpture, although it has given prizes in painting, music and architecture since its inception in 1981.

His books are well-known for their tales of suspense and intrigue. But now another kind of Stephen King mystery has been solved. Five books published since 1977 under the name Richard Bachman were actually written by King, who published the novels under a pseudonym because there is "too much stuff" written under his own name on the market, according to the Bangor Daily News.

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